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IMPACT OF BUDGET CUTS ON FEDERAL STATISTICAL PROGRAMS

COMPLETED ORIGINAL

HEARING

BEFORE THE

SUBCOMMITTEE ON CENSUS AND POPULATION

OF THE

COMMITTEE ON

POST OFFICE AND CIVIL SERVICE

HOUSE OF REPRESENTATIVES

NINETY-SEVENTH CONGRESS

SECOND SESSION

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IMPACT OF BUDGET CUTS ON FEDERAL STATISTICAL PROGRAMS

MARCH 16, 1982

House of Representatives,
Subcommittee on Census and Population,
Committee on Post Office and Civil Service,
Washington, D.C.

The subcommittee met, pursuant to call, at 9:35 a.m., in room 304, Cannon House Office Building, Hon. Robert Garcia (chairman of the subcommittee) presiding.

Mr. Garcia. Today the House Census and Population Subcommittee continues its series of hearings on the impact of the President's budget cuts on the information this Nation will have today, tomorrow, and in the future.

In the current phase of our consideration we have asked representatives from the private sector to step forward and tell us about the need for federally collected statistical data, the way they use this data, and the impact of the budget cuts.

Frankly, when I asked for comments from the private sector I never imagined that we would get this strong a response. Today we will hear from representatives of large businesses, labor unions, universities, banks, marketers, and cities. We will listen to them telling about the disastrous impact of the budget cuts on our Nation.

We are an information society. In the age of the computer, television, and the mass market, the bounty of this Nation is based on what we know about ourselves.

It is really shocking that this supposedly business-oriented administration is cutting out the very nerves that guide the hand of the modern business community. That cut has a multiplier effect on everything we do. It erodes the accuracy of our knowledge and leads ultimately to economic disaster, joblessness, and chaos.

More than 100 people wrote asking that their testimony be inserted. I would like to add that this is probably the largest response that this subcommittee has ever had including the days just prior to the taking of the 1980 census.

These people included distinguished demographers and statisticians such as Lester Frankel, the man who first worked on the unemployment survey in the 1940's; Joe Waxberg, a past associate director of the Census Bureau; a vice president of Citibank; the planning director of the city of Detroit; and the planning director of the Department of Public Welfare of the State of Michigan. They also included the Commissioner of the Public Welfare Department of the State of New York.

In fact, the States and cities of the Nation are among the most important losers when Federal data are cut but their burdens are increased by the new, new, new Federalism, to quote the Washington Post.

But the witnesses we will hear don't limit themselves to economics. The budget cuts are hindering our ability to plan ways to control crime as much as they are sounding the death knell of civil rights protection.

As the Representative from the South Bronx I was shocked to learn from the testimony submitted by Reynolds Farley, a professor at the University of Michigan, that in 1979 the Census Bureau collected the most extensive data on Hispanics, more expansive than the 1980 census data on them, but these data are yet to see the light of day.

Why has the administration decided to cut its budget in this small corner of our Government? Do they really think it will save money? Or are they convinced that without the statistics the problems of the people will vanish?

With that we will call up our first panel, Dr. James T. Bonnen, Department of Agricultural Economics, Michigan State University, and the director of the President's Reorganization Project for the Federal Statistical System; Dr. Steven E. Fienberg, Department of Statistics, the Carnegie-Mellon University, and the chairman of the Committee on National Statistics in the National Academy of Sciences.

STATEMENTS OF JAMES T. BONNEN, DEPARTMENT OF AGRICULTURAL ECONOMICS, MICHIGAN STATE UNIVERSITY AND STEPHEN E. FIENBERG, DEPARTMENT OF STATISTICS, CARNEGIE-MELLON UNIVERSITY

Mr. BONNEN. Thank you, Mr. Garcia. It is a pleasure and a privilege to be here.

I have been asked to comment primarily on the central coordination of statistical planning and policy which was the focus of the study that I directed, as you mentioned.

Ours is an increasingly complex economy and society. If we do not have objective, accurate and relevant information in making decisions, our comprehension of the world will forever run behind events.

Our success in attaining the objectives of public and private decisions in recent years is nothing to brag about. I believe we are presently in considerable danger of losing a good part of the capacity for informed decision we still possess.

I shall make three main points:

One. We have all but lost the very modest capacity for central coordination of the statistical production process which was once at our disposal. This directly erodes the ability to make informed decisions, especially in complex matters both public and private. It creates a fertile field for the waste of resources.

Two. Several current budget policies threaten to distort statistical priorities. One of these is the effort to spin off to the private sector all statistics which do not directly serve Federal policymakers.

This holds a great potential for dropping data bases which only the Federal Government can provide, thus crippling important State and local government decision capacity as well as that of businesses operating in national markets which are perfectly competitive in performance, or nearly so.

In competitive markets individual firms can recapture little of any investment they might make in basic market data. This information is necessary to coordinate markets, assure efficiency, and facilitiate growth.

If the Federals drop such data collection it will not be picked up by the private sector since the information involved has the characteristics in use of a public, not a private good. A small decline in the efficiency with which resources are allocated can limit growth and waste millions of dollars.

Three. Compounding the second point is a third. Planned Federal budget reductions will have a severe impact on the geographic detail, frequency and accuracy of many collections, as described elsewhere in these hearings.

Thus State and local government and many major businesses that require local area data for decisions will find significant parts of their information base and decision capacity crippled by 1983 budget decisions.

The administration proposes to redesign U.S. federalism by a realinement of roles that will expand policy and program information needs at State and local levels of government; at the same time they destroy parts of an already limited data base for informed decision at State and local levels by eliminating local data and withdrawing the primary force for coherence in many Federal-State-local data bases, Federal participation. If there ever was a prescription for disorder, this is it.

The U.S. economy and social structure has experienced rapid, fundamental changes. It no longer behaves as it did even 10 years ago. Many old policies and prescriptions are useless or nearly so.

You would think that in such a situation we would frantically be attempting to understand those changes and their implications for important national policy considerations as, for example, in productivity, unemployment, inflation, dependency levels and characteristics, market performance, financial stability, growth, et cetera.

But at the National Science Foundation social science budgets are now being reduced drastically; the economic research capacity of Federal agencies is again being cut.

With the exception of new program areas, the government's internal capability for economic research has been declining for years. This is not just due to budget constraints.

We have experienced a decade and a half of a disordering political itch called reorganization, which rises to fever pitch every 4 years.

Increasingly the Government's economic research has been diverted to short-term policy analysis. This is not research.

The political direction given these alleged research resources now all too frequently flits rapidly from one ideological goal, media, or market event after another. Few government professionals today are even allowed time to think about the fundamental changes our economy and society are undergoing.

There seems to be little continuity in research direction and even less will to pursue sustained research goals with no immediate program payoff. Outstanding researchers tend to leave such an environment and recruiting good replacements becomes difficult.

The cumulative result of this mismanagement is that the Government's capacity for anticipation, its preparedness for new problems and events, has substantially declined in many policy areas. Small wonder that we are so frequently surprised by unanticipated events in domestic policy.

This is the situation in which it now appears that the underlying Federal data base is in jeopardy. It is the last straw in a growing disorder in policy decision capability.

We are not just talking about statistics.

We simply cannot afford to let the Federal statistical base for private, State, and local as well as Federal decisions deteriorate seriously. Our world will continue to get more, not less complex. This requires better, not poorer, data and analysis; more, not less quantitative information.

Reasonable questions can be raised about relative priorities for statistics and about the efficient use of statistical resources in a period of budget restraint. Statistical programs should expect to bear some appropriate share of the current budget grief.

However, the chances are that in the 1982 and 1983 fiscal year budgets we are making mistakes that will do major and permanent damage to the Nation's capacity for informed decision. This is highly likely because we no longer have adequate capacity for national level coordination of statistical policy.

We have allowed this function to atrophy to the point that we do not today have the capacity to assure that national information needs are identified and that budget decisions are informed by statistical priorities that would satisfy the most important of these information needs.

We have all but destroyed the unit that performs this function, a function which is critical to both the efficiency and effectiveness of a decentralized statistical system.

As a consequence, each statistical and program agency sets data collection priorities in terms of its own mission without there being any systematic review of the significance of these decisions for the larger mission of Government and for related information needs at higher levels of decisions.

Statistics, as a coherent function of national policy information needs, is simply not being considered adequately in the budget process. Failure to perform this function can have a number of consequences.

Any agency generally has a narrower set of information needs than a department, and the department narrower than the White House or Congress.

In a highly decentralized statistical system failure to consider statistical priorities for broader national information needs leads to a performance characterized by adequate agency level data bases, generally uneven and frequently inadequate departmental level statistics and even less frequent relevance of the existing statistics for specific congressional and White House needs.

It also leads to the waste of statistical resources in duplicated or overlapping collections and to unnecessary burden on respondents.

Without resources devoted to statistical policy planning and coordination above the level of the agency there is rarely any ability to anticipate new or modified information needs far enough ahead to assure their availability for an important new national policy activity.

Review of the quality of statistical design and collection methods across Government is also a responsibility of the central coordination of statistical policy.

Poor statistical design wastes resources and can result in decision error. The problem of unreliable data or data poorly designed for their purpose is primarily one of small statistical units or programs where statistics are produced as a byproduct of administrative and regulatory data.

Also, the growing volume of contracted data collection and analysis is often of poor statistical quality.

Central coordination of statistical policy also plays a role in the protection of the integrity of statistical output as well as of the privacy of respondents and the confidentiality of statistical records.

Finally, without central coordination it is not possible to manage the process for establishing national statistical standards. Without the common definitions and practices we call statistical standards, coherence in national statistics is impossible.

Statistics that need to be integrated to provide accurate secondary data cannot, without standards, be combined meaningfully, as for instance in the national income accounts.

Without common standards, data from diverse sources combined in analysis are not compatible and the analysis consequently lacks relevance and accuracy.

Without standard definitions, even aggregation to the national level of State and local data, such as education statistics or vital statistics on births, deaths, and sources of mortality, is not possible.

We now lack the minimum capability necessary for central coordination of statistical policy and standards. Extremely important budget decisions are being made today, but we do not have sufficient capacity for identifying and enforcing the statistical priorities upon which many of the most important national information needs will depend. How did this happen?

Efforts to provide central coordination of statistical policy and standards began in the 1930's. By 1947 a 69-person unit existed in the Bureau of the Budget. It managed statistical policy coordination and forms clearance under the 1947 Federal Reports Act. This unit was composed and led by statistical professionals.

By 1977, 30 years later, the Budget Bureau, now the Office of Management and Budget [OMB] had more than doubled its size, but its Statistical Policy Division [SPD] had lost 40 of its original 69 positions.

Had the problems of statistical coordination and clearance declined? Hardly.

A reduction of nearly 60 percent in personnel had occurred in the face of the largest absolute expansion of new statistical programs, administrative records and data collections the country has ever experienced.

In the 30 years since 1947 statistical budgets grew tenfold in real dollar terms to about $1 billion while the number employed in statistical units grew fivefold to about 30,000. Regulatory and administrative record collection have grown much faster.

We now have a backlog of needed statistical standard work comparable to that generated by the program initiatives of the Great Depression and World War II. This is especially obvious in environmental, natural resource, and energy policy. It is also evident in some of the Federal, State, and local systems that have grown.

Private firms frequently express the need now for standards to bring greater order to some of the important data bases they use.

Then in 1977 the Carter administration, in an effort to reduce the number of White House-Executive Office personnel and without taking the time to understand the function of statistical coordination, shattered institutional arrangements that had prevailed for 30 years by moving the statistical policy functions and 15 positions out of OMB and the Executive Office of the President to the Department of Commerce. OMB retained the forms clearance function, 14 positions.

Almost immediately the administration decided to examine the problem of statistical policy and I was asked to direct a somewhat misnamed statistical reorganization project. Its purpose was to explore the current problems of statistical policy, to recommend the most appropriate location for the statistical policy function and to design the institutions necessary to obtain a coordinated national level performance from a very decentralized statistical system. This we did in 1978–1979.

I can provide a copy of the final report of the project for inclusion in the record of these hearings, if you wish.

The question that proved most difficult to answer was where do you place statistical policy functions; back in OMB; leave them in the Commerce Department or somewhere outside the Executive Office; or establish them as a separate agency in the Executive Office of the President?

Conventional wisdom would have put statistical policy back in OMB, but it had not fared well there. Why? As our project report puts it:

> Sound statistical policy requires longtime horizons for highly technical coordination and planning, and a corresponding measure of freedom from short-run political and economic events, of whatever significance. OMB's primary function, Presidential budget development and oversight, involves immediate, often crisis-driven, decisions of great political and economic significance which dominate OMB's internal agenda and resource priorities. Statistical policy was not perceived as important in such an environment, was not understood, and slowly eroded in personnel and institutional strength.

In interviewing experienced veterans of the Executive Office I asked a former, very senior OMB official for his opinion of why SPD had slowly atrophied in OMB. He responded, "When you are up to your armpits in alligators you don't worry much about statistics."

Thus, after an exhaustive examination of alternatives, the project recommended establishing a separate agency in the Executive Office of the President.

This, of course, did not happen. Although Executive Office agency leadership, Federal statistical agencies and the administration were persuaded, we got to the Congress late in the last session and were unable to convince the appropriate committees to act on our solution. Our proposed legislation involved a substantial strengthening of the institutional capacity of statistical policy.

What did happen was that the statistical policy functions were returned to OMB in 1981 without any institutional improvements by the Paperwork Act of 1980. They came back, moreover, into a vastly different environment, the Office of Information and Regulatory Affairs.

Statistical policy is now expected to function in what is primarily a regulatory environment run by able and committed regulatory economists.

Besides statistical policy, the Office of Information and Regulatory Affairs manages (1) clearance of forms and the paperwork budget; it manages as well government-wide policy and oversight for (2) administrative records, (3) privacy of records (4) sharing of records (5) regulation of the acquisiton and management of automatic data processing and telecommunication facilities (6) regulatory policy and (7) regulatory—benefit/cost—analysis.

Even with the best of intentions the odds are low that statistical policy can be made to work in such an environment. I expressed that conclusion in the final report of our project well before the Paperwork Act had passed. Subsequent events provide no reason to change it.

The transfer of personnel back to OMB was a long, drawn-out, demoralizing experience with the conditions of return changing each week and varying from returning the entire unit to returning positions without any of the existing personnel.

It ended finally in the return of only 15 of the 26 people and positions that composed the Office of Federal Statistical Policy and Standards in the Commerce Department. Left behind were 11 people among whom were some of the most experienced, longtime members of the unit.

In OMB 4 of the 15 positions were assigned to a new White House indicators project leaving 11 to manage governmentwide statistical policy.

Four of the original fifteen have subsequently left for other jobs, including the unit's Administrator for the last 8 years. Presumably these four will be replaced but in the meantime something on the order of eight statistical professionals are conducting governmentwide statistical policy.

These are excellent professionals, but it is insane to expect so few to cover a statistical system as large and as decentralized as ours, especially when their biggest problem, if history is any judge, will still be persuading OMB that statistical policy is important and requires more, not fewer, resources.

They must accomplish this in a situation where all the senior management roles in statistical policy have been turned over and, after a 4-year absence, statistical policy must reestablish complex and informal institutional linkages within OMB. Events in the past year do not portend well.

Two of statistical policy's more important communication devices have been discontinued. The Statistical Policy Coordinating Committee, a forum for policy development on which all Cabinet departments, the Council of Economic Advisers, the Federal Reserve Board, and OMB were represented, was eliminated.

In addition, the Statistical Reporter, a monthly publication that has served for decades as a useful communication device between Federal statisticians has just been dropped.

The momentum is toward a total loss of capacity for statistical policy. Unless something drastic is done soon, the greatest industrial nation in the world with the largest, most complex economy will soon experience a slowly rising tide of disorder in the statistics needed for many national policy decisions.

Despite the growing impact of statistics, I have found in my studies of the Government that statistics are generally found waiting at the end of the line for resources and are often totally ignored until it is too late, until someone desperately needs some specific information.

Since there was no planning to provide the statistics, they are frequently not available in the form or at the time needed. Thus many policymakers explain in frustration that statisticians are useless, that they produce millions of numbers but never the right one.

This reflects what I call the "chicken little" mentality.

Arising out of the comfortable feeling that having 1 million numbers today gives decisionmakers the attitude that statistics are a homogeneous utility, a big "chicken little" from which one can slice off a piece at the last minute to suit one's information needs, however specialized or unique.

Without conscious statistical planning at all levels of decision, this failure and its psychologically self-perpetuating behavior will continue to prevail. That disorder will affect many important decisions.

Over the years statistics have become broadly used and critical to many decisions that are politically important. As the final report of the statistical reorganization project explains, statistics have been pulled into an immediate and intimate embrace with many public policy decisions. This finds its roots in the increasing complexity and interdependence of various sectors of the society and economy.

It also is due to an incredible growth in the use of statistics to allocate public resources.

In fiscal 1979, 20 percent of the budget was allocated by statistical formulas (Emery). In addition, 31 percent of the budget, as measured in fiscal year 1981, is solely and automatically indexed to the Consumer Price Index with 24 percent more indexed less automatically to establish benefits or indexed to determine eligibility (DeMilner).

Thus, somewhere between 50 and 75 percent of Federal budget expenditures today are allocated using various statistics or statistical formulas.

Despite its importance to informed decisions, statistical policy planning, coordination, and standards are not politically sexy and do not command much attention in Congress or the White House.

An information collection or "burden" budget was established by the 1980 Paperwork Act creating a new and powerful device for the control or reduction of paperwork burden.

It establishes a quantitative limit on the demands which Federal agencies may place on the resources of the private sector or State and local governments in collecting Federal data.

In effect, each Federal agency has a paperwork budget allowance within which it must stay. The Paperwork Act mandated a 25-percent reduction in burden. By the end of fiscal year 1982 this budget will have been reduced by about 17 percent. The 1983 budget calls for a 10 percent further reduction.

I am unaware of any studies of the impact of the burden budget on Federal statistics, but I keep hearing things that make me fear it is distorting statistical priorities.

This arises out of the intersection of the way in which the burden budget is administered and the fact that the problem which it addresses is the last two decades of rapid expansion in burden created by the explosive growth in regulation and Federal program record requirements.

Statistics have grown, but at a much slower pace. In early 1981, when last I checked, statistics constituted less than 2 percent of the total burden of Federal paperwork.

More importantly, statistical agency collections are almost invariably better designed and executed and more likely to have been rigorously reviewed as to their need.

Nevertheless, in a number of departments burden budget reductions were initially and still tend to be distributed on a fixed percentage basis across program agency and statistical agency alike.

In my judgment, through fiscal year 1982, in most statistical agencies the burden budget has had far more impact on statistical products than the dollar budget. It also has very likely distorted priorities between regulatory and other program agency and statistical agency collections and uses.

OMB is currently pursuing other budget policies which, if executed as mindlessly as they have been explained to me in two separate departments, will surely lead to the irreplaceable loss of statistical product.

One is the current drive to attach user fees to a wide range of Federal services and publications. If done with some care and intelligence, this would make sense.

However, in the implementation I do not detect among departmental budget staffs any sensitivity to or understanding of such matters as the difference between those services and publications whose uses have the characteristics of a public good versus those that have private good characteristics.

In some cases the uses of statistical products are many and mixed, creating difficult situations in which to apply user fees. In any case, simple administrative rules are not adequate.

A careful evaluation of the types of uses and users is a necessary prerequisite to imposing user fees, if one is not to destroy more of the value of some statistics than you would raise in user fees.

Closely related is an OMB budget policy effort to limit Federal data collection to that which supports Federal decisionmaking and policy. The rest, as I understand it, is to be dropped and left to the private sector to pick up.

This meat ax approach is either a case of gross ignorance or a callous disregard of a national government's responsibility for its information role.

First, there are many more important users with responsible social roles that require information, some of which can only be provided by the Federal Government.

In the public sector there are State and local governments, special governmental units with varied roles, and university and government researchers.

In the private sector, the entire nonprofit subsector including foundations, many philanthropic and voluntary public service organizations, as well as private university researchers depend in various ways on information which the Federal Government produces, some of which Federal policymakers do not use, but some part of which only the Federal Government can provide. We live in an information society. Our productivity and long-run viability depend on it.

Second, the economics of information tells us that the same data takes on the character of a public good in some market situations and a private good in others.

The Federal Government has collected and disseminated basic market information for important, highly competitive markets where there are too many individual firms for one to be able to recapture in its balance sheet even a minor part of any investment it made in marketwide information.

These statistics coordinate the markets and assure their efficiency.

This is patently the case for many commodity markets in agriculture for which the Federal Government began collecting and disseminating data in the 1840's, an investment that has been a critical force in the development of American agriculture and in the broad distribution of the benefits of that growth.

If the Federal Government drops data collection in such markets it will not be picked up by the private sector and the productivity of society will decline.

If it is implemented as mindlessly as it was explained to me, this budget policy holds the potential to cripple important State and local government decision capacity as well as that of businesses operating in some competitive markets.

In addition, currently planned Federal budget reductions are scheduled to have a severe impact on the geographic detail, frequency and accuracy of many collections of local area data. Yet simultaneously, under the new federalism, we expect the States and local governments to expand their program and policy responsibilities. This will require more information, not less, at this level of government.

In many cases the necessary data can only be provided by the Federal Government. Indeed, the only force for compatible and coherent statistics across many State and local bases comes from the participation of the Federal Government in developing that data, especially when the data comes from local levels.

The apparently thoughtless manner in which these budget policies have been designed and implemented for data collection is a monument to the Federal Government's inadequate capacity for statistical policy.

If these budget initiatives had received a thorough statistical policy review in the budget development process, as they should have, all the questions I have raised would have arisen and presumably been dealt with.

As it is, I fear the impact of the 1982 and 1983 budgets on Federal statistics will create irreparable damage to our national data base.

The failure to provide for national coordination of statistical policy guarantees growing waste not only in information resources but also in those billions of dollars allocated by decisions which depend on Federal statistics.

Mr. Chairman, in summary, I have pointed out the absolutely stunning fact that—I wouldn't have believed it if it had not been the object of serious research—somewhere close to 75 percent of all the expenditures of the Federal budget are now either indexed or run through statistical formula. This is a measure of the change of the role of statistics in the last decade and a half.

My testimony goes to the examples of new budget policies which as far as I can tell have received no effective statistical policy review and are in my judgment almost certain to produce distortions in statistical priorities. These are the burden budget, a very powerful instrument for control of paperwork and burden, which has probably had more impact on statistics than the dollar budget, at least through 1982; user fees, which are being attached to statistical publications and services, and a policy to drop all Federal statistics that do not serve Federal policymakers.

The last act is particularly mindless. It involves a basic confusion between the public and private good characteristics of data production and utilization as well as ignorance of the Federal Government's ancient information responsibility beyond Federal policymakers.

Without central coordination of statistical planning and policy there is a very high probability that in the 1983 budget, we are making many major errors.

Thank you.

Mr. GARCIA. Dr. Fienberg?

STATEMENT OF STEPHEN E. FIENBERG

Mr. FIENBERG. Mr. Chairman, and members of the subcommittee, I am Stephen E. Fienberg, professor of statistics and social science and head of the Department of Statistics at Carnegie-Mellon University.

I also serve as Chairman of the Committee on National Statistics at the National Academy of Sciences, National Research Council.

As you are aware, the committee investigates and reports on a wide range of statistical issues important to public policy, including Federal statistics activities.

I wish to thank you for the opportunity to appear before you today in order to discuss the current state of Federal statistics.

Because of the dramatic and often uncoordinated growth of Federal statistics and the recent cuts in expenditures, the Committee on National Statistics, at its September 1981 meeting, initiated a broad review of Federal statistics.

The committee plans to prepare a report that will review the status of Federal statistics in major areas such as economic, health, labor, justice, education, social welfare, energy, environment, housing, and demographic statistics, review the current and planned activities of the new Statistical Policy Branch in the Office of Management and Budget, recommend improvements in the efficient integration of statistics and allocation of resources, and suggest ways in which Federal statistics should develop in the 1980's.

Since this project has only just begun I cannot present to you our findings and recommendations, even in preliminary form. Thus my observations and comments should not be misconstrued as representing official positions taken by the committee or the National Academy.

My testimony will begin with a brief review of the current status of Federal statistics programs for the measurement of crime and how they differ. Some new approaches to the reporting of crime victimization data are a current focus of my university research work, and I will describe how these and other important activities are being affected by cutbacks in the budget for the Bureau of Justice Statistics [BJS]. Since these budget cuts affect not only BJS, but also activities of the Bureau of the Census, I plan to shift, at that point, to a discussion of some major concerns that I and others have about the impact of budget reductions on Federal statistics more broadly.

Almost 51 years ago the National Commission on Law Observance and Enforcement, better known as the Wickersham Commission, began its Report on Criminal Statistics as follows:

> There is general agreement as to the importance of official and trustworthy statistics of crime, criminals, criminal justice, and penal administration.
>
> Statistics are needed to tell us, or at least to help tell us, what we have to do, howe we are doing it, and how far what we are doing responds to what we have to do. They are important insofar as they may be made to give us an accurate picture both as the basis of criticisms and as the basis of making laws and administrative regulations. They are important also as a check upon the agencies of prevention and detection, the agencies of prosecution, those of adjudication, and those of penal treatment.

The state of criminal justice statistics has improved markedly in the intervening half century, and today we have a Bureau of Justice Statistics [BJS] whose primary responsibility is, and I quote from the enabling legislation

> * * * to collect, collate, analyze, publish, disseminate, and maintain data systems accessible to the general public concerning the operations of the criminal justice and civil justice systems at the Federal, State, and local levels; and concerning the prevalence, incidence, rates, extent, distribution, and attributes of crime, juvenile delinquency, and civil disputes at the Federal, State, and local levels.

That is a rather weighty charge for a relatively new statistical agency with a budget of somewhere near $12 million.

I would like to review for you, at least briefly, some of the crime data currently being reported. The first set of data I wish to refer to comes from the FBI's Uniform Crime Reports [UCR] system.

The UCR is a voluntary system wherein local police departments submit to the FBI the numbers of reported crimes they receive each month, by type, as well as related information on arrests, et cetera.

Figure 1 appended to my testimony gives data on criminal offenses based on the UCR crime index incidence rates for the past decade. Property crimes include burglary, larceny-theft, and motor vehicle theft, while violent crimes include murder and nonnegligent manslaughter, forcible rape, robbery, and aggravated assault.

The rates are per 1,000 inhabitants.

The distinctive trend appears to be upward, although the discerning eye will detect slight drops in 1972, for property crime only, 1976 and 1977. The overall increase over the 1970's depicted in these aggregate UCR data is about 50 percent.

But the UCR rates are for crimes reported to the public, and a large proportion of crimes are never officially reported. The result is the "dark figure of crime."

This and other limitations of police crime statistics have been viewed by many as being so great as to make it virtually impossible to measure changes in the criminality of the population. Thus researchers and Government officials have turned to other means of assessing the extent of crime and "bringing more of the dark figure of crime to statistical light."

The National Crime Survey [NCS], designed and executed for BJS by the Bureau of the Census provides crime data through a survey intended to elicit information from respondents on victimization experiences. The first full year of data collection was for 1973 and figures for 1980 have not been officially released yet.

Figures 2 and 3 give NCS victimization incidence rates separated into household and personal victimizations. The household crimes, figure 2, includes household burglary, household larceny, and motor vehicle theft, and the rates are per 1,000 households.

This chart masks a 25-percent increase in household larceny rates, which is in large part offset by approximately 8 percent declines in both household burglaries and motor vehicle theft.

Notice how household victimizations have been separated out here from the personal crimes of theft depicted in figure 3, which uses rates per 1,000 persons rather than per 1,000 households.

Finally, there is the personal violent victimization rate data also given in figure 3. Except for a slight rise from 1973 to 1974 the personal victimization rates are level; there is virtually no change.

At this point most people would say that if only we knew about the rates of reporting of victimizations to the police we could reconcile these somewhat dramatically different views of trends in crime.

Sadly I can state that this is not the case, for NCS data indicate that there are virtually no detectable and statistically reliable long-term trends in the percentage of crimes that victims say they reported to the police.

Several researchers involved in a special effort to redesign the National Crime Survey have been attempting to find other explanations for the divergence of our two sources of crime data with at best limited success.

Some have argued that our failure to reconcile UCR and NCS trends is an indictment of one or even both series. But I have little sympathy for such a pessimistic view.

Rather, I choose to think of the two data series as providing us with two windows on crime and society. Neither window provides us with a direct view; thus each view is helpful in different ways.

For example, the UCR is basically the result of an administrative data program whose primary goals do not include the preparation of national crime rates. Its view of the administrative processing of offense reports tell us much about police departments and their activities.

Similarly, the NCS allows us to examine data other than aggregate incidence rates.

One of the most interesting developments in NCS reporting occurred last year when BJS reported a new measure of crime, a prevalence rate attempting to measure the proportion of households touched by crime in a given calendar year.

The striking finding for this indicator was that almost one-third of all households experienced some form of victimization during 1980.

We at Carnegie-Mellon University have been doing research on how best to measure and report such a prevalence measure. Our efforts involve using NCS data in a form different from that used by BJS and the Bureau of the Census in the public uses tapes they normally prepare. Thus annual estimates we have produced are only for 1973 to 1975.

Figure 4 contains a summary of some of our work on the prevalence measures meshed with reported estimates for 1975 to 1980 produced by the Bureau of the Census.

Rather than use the index originally proposed by BJS and the Bureau of the Census we have adopted a "cheery" approach to this otherwise dreary measure of the prevalence of crime by considering the proportion of housing units not victimized by crime.

Two features of figure 4 are noteworthy. First, the BJS estimate for this proportion remains virtually level throughout the 1973–80 time period. Second, the other estimates we have been developing at Carnegie-Mellon University vary greatly in level.

Our current preferred estimator is the one indicated on the figure by triangles and it differs by a substantial amount from the BJS estimate for 1973 to 1975.

How our estimators of the prevalence of crime will differ from those published by BJS for 1976–80 is unclear. The data we require for our estimators are costly to produce, and virtually all of the BJS funds in the victimization area have been used for data collection and the preparation of routine summary reports and public use tapes.

Over one-half of BJS's fiscal year 1981 budget of $12,742,000 was devoted to NCS data collection and reporting activities.

Similar amounts are expected to be spent in fiscal year 1982 and fiscal year 1983.

While the amount of funds for the NCS has been staying constant or declining somewhat, the cost of carrying out the survey has been rising. One consequence is that BJS has been forced to cut back on work in connection with the NCS and is constantly proposing actions which I believe will lead to decreases in the quality of the data being gathered.

In fact, a major BJS initiative for a completely redesigned victimization survey, with which I have a very limited connection, has temporarily been left with no funds due in part to budgetary retrictions.

Somehow, in such a budgetary climate, it is difficult for outside researchers to convince BJS to devote substantial resources to preparing a new form of public use tape suitable for our needs.

Yet I believe that the knowledge about crime and how to measure it that might come from such an investment on the part of the Government should more than pay for itself.

It is important to note that given these rising costs, the fixed costs at the Bureau of the Census for the NCS are not reducible in proportion to the shrinking budget in real dollars. Thus "savings" in the survey that are instituted because of budgetary reductions are to a considerable degree illusory, especially in the short term where they result in overhead cost increases, stretchout, and quality reductions.

The current dependency of the Bureau of Justice Statistics upon the Bureau of the Census for the work on the National Crime Survey is illustrative of the operation of major sample surveys funded by other Federal statistical agencies.

For better or for worse, the designs of many of these surveys are quite similar, but, more importantly, they all use as their frame lists compiled by the Bureau of the Census primarily in connection with the decennial census.

This means that every 10 years, even if there were no other reason to make changes in a survey, a major redesign effort is required on the part of the Bureau of the Census to take into account changes and make use of data and geographic materials from the decennial census.

When instituting such a sample redesign the Bureau typically makes other changes reflecting technological and methodological advances and conceptual developments.

The Bureau of the Census has been planning to carry out a simultaneous redesign for seven national sample surveys that it conducts for other major Federal statistical agencies including the Current Population Survey, the National Crime Survey, the Annual Housing Survey, the Health Interview Survey, and the Consumer Expenditure Survey.

This survey redesign effort has been hampered by delays in the processing of data from the decennial census but the budget restrictions for the Federal statistical agencies such as BJS, the Bureau of Labor Statistics, and the National Center for Health Statistics have made for much greater delays.

When an agency such as BLS absorbs a 16-percent reduction, which it has been forced to do in the past 6 months, major reductions of data collection and development must take place.

The sample size of the Current Population Survey [CPS] was reduced at the beginning of this year by 12,000 households, or about

16 percent, and no funds were left to allocate for the redesign effort.

The quality and reliability of the CPS unemployment figures must necessarily be reduced, and the problem is especially severe for various demographic groups.

Redesign efforts are now running almost 2 years behind the sample redesign for the CPS which was carried out in the 1970's. The Bureau of the Census is now aiming to put all seven affected surveys into the field with a redesigned sample in 1985.

The total costs of the redesign program are somewhat in excess of $15 million, to be spread over a 6-year period beginning in fiscal year 1982. The allocated costs for fiscal year 1983 are $3.5 million, $3 million of which is to come from the census budget.

Is such a major redesign worth the money and effort? The answer is most certainly so.

In the minds of many, the validity of survey data based on a sampling frame rooted in the 1970 census is questionable.

If all the redesign did was to reassure everyone regarding the validity of the data collected, the costs would be outweighed by benefits. But much more is at stake.

The Bureau of the Census estimates that for the CPS, NCS, Annual Housing Survey, and Health Interview Survey, the redesign costs of $12 million will yield a savings of $46 million over the decade following the implementation of the redesigned surveys.

These savings will allow the affected agencies to increase the accuracy of the data they are currently reporting, as well as to meet the many additional demands placed upon them by Congress.

Surely Members of Congress must recognize that budget reductions which will further delay and hamper this redesign effort are a form of false savings that will cost us all much more in the long run.

I believe that there are ways to reduce the costs of major Government surveys but considerable funds must be allocated to research and development before savings can be realized.

The transition to a more efficient statistical system cannot be fostered through budget reductions alone. Indeed, such a transition requires increased funding for research on sound statistical and survey methods before data collection costs can be reduced without destroying the integrity of important statistical series.

The statistical casualties of the current budgetary war litter Capitol Hill, but they may also be found throughout the programs of the Federal Government.

All of the speakers today, I am sure, will mention their favorite examples. I wish to mention briefly two examples, in addition to those I have already described.

Perhaps the most heralded new statistical program of the past decade, the Survey of Income and Program Participation [SIPP] has been canceled.

A program jointly sponsored by the Department of Health and Human Services and the Department of Commerce, this survey was planned to assess aspects of income and participation in Federal "safety net" programs and, until its abrupt cancellation last month, the planning effort for it involved some of the most innovative methodological developments in the survey area.

Had the pilot program for this survey not been summarily terminated last month, this work would have had important implications not only for SIPP but also for the redesign of the National Crime Survey and possibly the Current Population Survey.

A recent report by a panel, chaired by Prof. James T. Bonnen, of Michigan State University, of the Committee on National Statistics, entitled "Rural America in Passage," documents the potential uses of SIPP data for rural development programs.

Another of the committee's panels is examining family assistance and related programs. Its report is also likely to describe a variety of uses for SIPP data.

The termination of the SIPP program because of budget restrictions is a major loss for both policy and research purposes.

The Consumer Price Index, CPI, produced by the Bureau of Labor Statistics is perhaps the best known Government data series.

Under the leadership of Janet Norwood, BLS revamped the CPI during the 1970's through the extended use of probability sampling of items and the improvements in measurement for various component surveys.

It will probably surprise Members of Congress to learn that we have no estimates of the accuracy and precision of the monthly CPI figures on which so many funding decisions rest.

BLS has set into place the structure required to generate estimates of precision, but $1 million is required to actually produce numerical values.

This is another casualty of the BLS budget restrictions.

I find it astonishing to learn that a Government which spends $20 million on the collection and analysis of CPI data is unwilling to spend another $1 million to learn something about the precision of numbers being reported.

The Federal statistical system to which I have been referring is a system in only the loosest of senses; rather, it is a collection of individual agencies and programs with few formal links.

With the transfer this past summer of statistical policy functions from the Department of Commerce to the Office of Managmeent and Budget, and the reduction in size of the Statistical Policy Division staff from 25 to 10, we witnessed the demise of the last semblances of a central coordinating statistical function for the Federal statistical system. At least for the moment, leadership for Government statistics must come from elsewhere.

One place to look might be the Bureau of the Census because of its central role in data collection. But census is beset by its own problems which make it unlikely that it can play this leadership role very effectively.

The halcyon days of census' intellectual leadership in the survey field are over. The past year has seen the departure of a very large number of senior statisticians at the Bureau and, while many fine professionals remain, they cannot shoulder the burden they have been asked to carry.

As an outsider, I sense that morale at the Bureau is embarrassingly low. Moreover, the Bureau of the Census' problems go far beyond staffing. Much of its computer equipment and data processing software is antiquated.

Since over 25 percent of census' annual budget is associated with reimbursable funding from other agencies, the excessive adverse effects of budget restrictions impinge quite heavily upon the general census research and development program.

In turn, all of the other agencies depend heavily on this program to improve and maintain the surveys they fund.

In fact, the Bureau needs to focus on its own internal problems, completing work on the 1980 census, and laying the plans for 1990.

If plans for 1990 are not begun immediately, the problems we witnessed in 1980 will pale by comparison with what we can expect for 1990. Deferring a budget request for 1990 census planning until fiscal year 1984 is a plain and simple mistake.

The situation at the Bureau of the Census is in marked contrast with that at Statistics Canada, its Canadian counterpart which I visited last month.

There the budget situation doesn't look anywhere near so bleak; morale is high; and several exciting new research and methodological programs are being launched.

Even the Committee on National Statistics, which has attempted to fill one small part of this leadership void, is struggling as a consequence of budget reductions.

The committee's regular activities and meetings, as well as its recently initiated review of Federal statistics mentioned at the beginning of this testimony, are all dependent on contributions from a consortium of Federal agencies.

The contributions to date for this fiscal year cover less than 25 pecent of the projected expenditures, and Federal agencies who have been loyal supporters of the committee in the past such as the National Center for Educational Statistics are unable to help out at this time.

What needs to be done?

My comments today suggest several actions that this and other congressional committees and subcommittees should be considering to prevent a further deterioration of the quality of Federal statistical data programs.

First and foremost, we need a strong and well-funded central coordinating statistical group or agency to help reorganize and strengthen what was viewed until quite recently as the best government statistical system in the world.

Second, along with better coordination we need a more creative approach to Federal statistical programs that will lead to a cooperative and better integrated system of data collection.

Third, we need to preserve the research and development activities of Federal statistical agencies and to devote more rather than less resources for the innovative analysis of data already being collected for other purposes.

Fourth, we need to have budget planning that allows for continuity and gradual changes in ongoing Federal sample survey programs so that the impact of changes can be measured and more accurate estimates can be produced.

When survey sample sizes go up and down, as if on a yoyo, the maintenance of quality is difficult and the measurement of the impact of policy and other changes becomes virtually impossible.

Fifth, we need to have periodic outside technical reviews of major Government statistical programs. Such reviews provide an opportunity for an evaluation of performance, reassessments of objectives, the updating of antiquated methodologies, and the careful planning required to make data more relevant for policy purposes in the future.

Sixth, for the short term, we need a General Accounting Office study of the collective effects of the delay and deferral of survey redesign efforts on the producers and users of key Federal data series.

We also need to insure that sufficent funds are allocated to prevent the schedule of these redesign efforts from slipping further than they have already.

Seventh, finally, we need to begin now to develop plans for the 1990 decennial census, exploring alternative methodologies and properly preparing for the massive task which lies ahead.

I believe that the Federal statistics system stands today at a critical juncture and that the funding decisions currently being made will have a lasting impact on the quality and utility of data required for informed policy decisions and legislative action.

Although the responsibility for Federal statistical programs is decentralized, there is a network of dependencies amongst the programs that makes it difficult to consider the impact of budget reductions for one agency in isolation from those for the others.

Thus, congressional hearings such as this one today are of immense importance if the Government is to have appropriate data in the future for the evaluation of its programs and informed judgment on policy options.

I was reading an introductory statistics text last week that showed a cartoon with several people examining a chart seemingly displaying a precipitous decline over time. The caption read: "Yes, sir, I know that we have to know where the economy is going. But do we have to publish the statistics so that everyone else does too?"

This may have been a joke when this book was written, but it is not one today.

I believe that unless more attention is paid to bolstering the budgets of the Federal statistical agencies we may no longer have enough quality information to know just "where the economy is going," let alone funds to publish those statistics for others to interpret.

Just replace the word "economy" by "crime," "health," "housing," or "education," and the same statement applies. This is the unfortunate direction in which the Federal statistical system is headed as a result of the current and projected budget reductions.

[The charts referred to follow:]

FIGURE 1

FBI REPORTED OFFENSE RATES

Rates Per 1000 Inhabitants

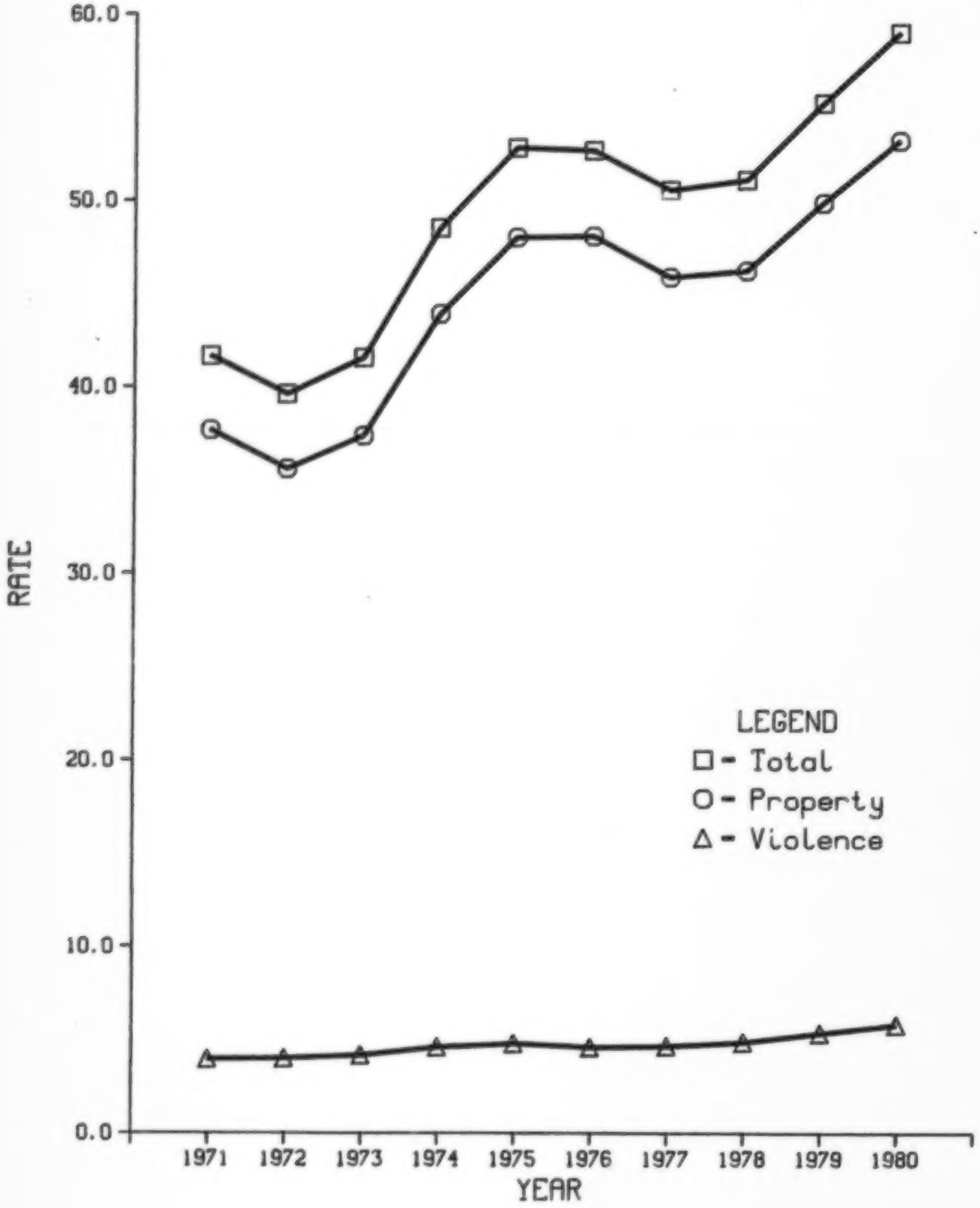


FIGURE 2

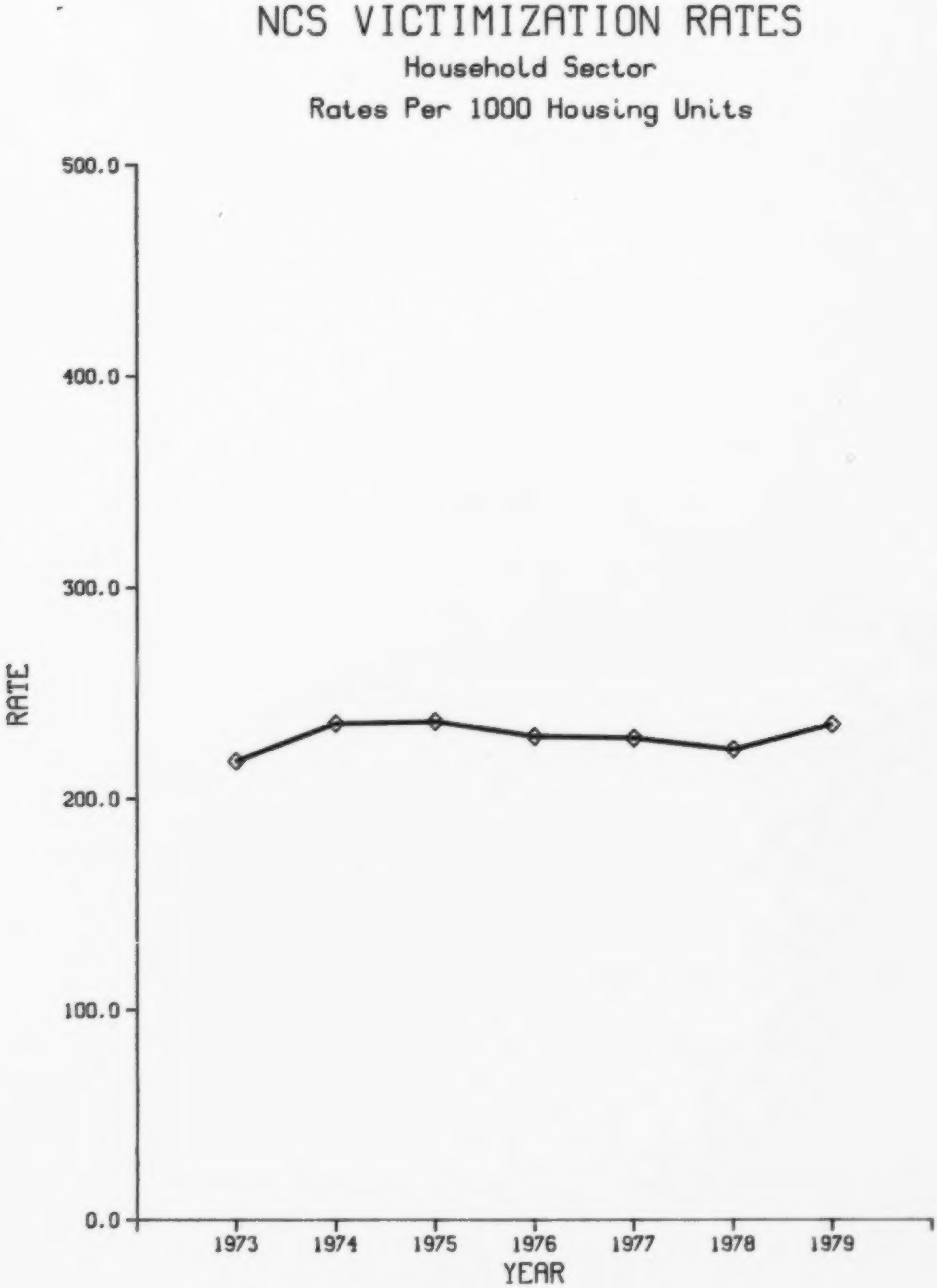

NCS VICTIMIZATION RATES
Household Sector
Rates Per 1000 Housing Units
500.0
400.0
300.0
200.0
100.0
0.0
RATE
1973
1974
1975
1976
1977
1978
1979
YEAR

FIGURE 3

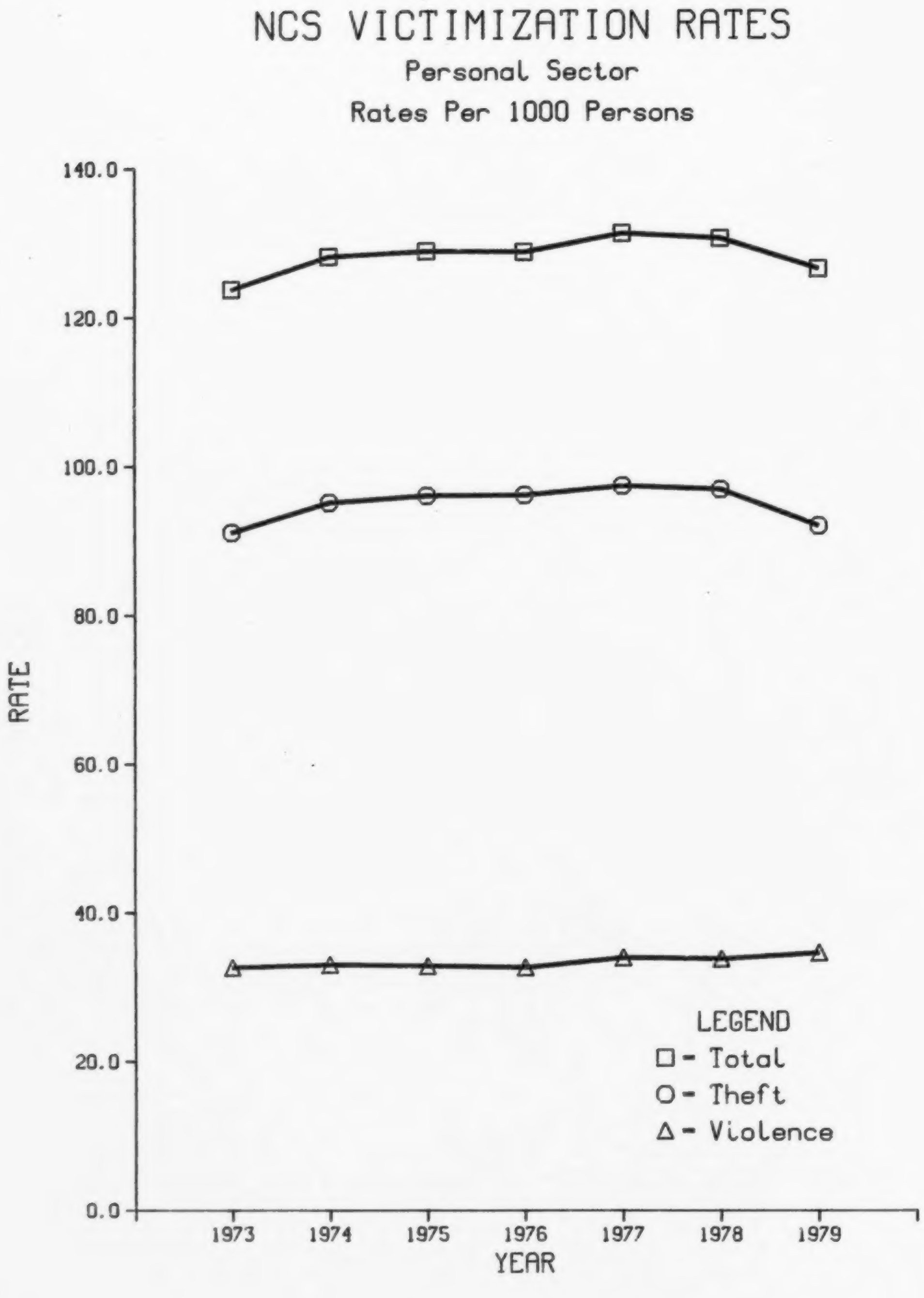
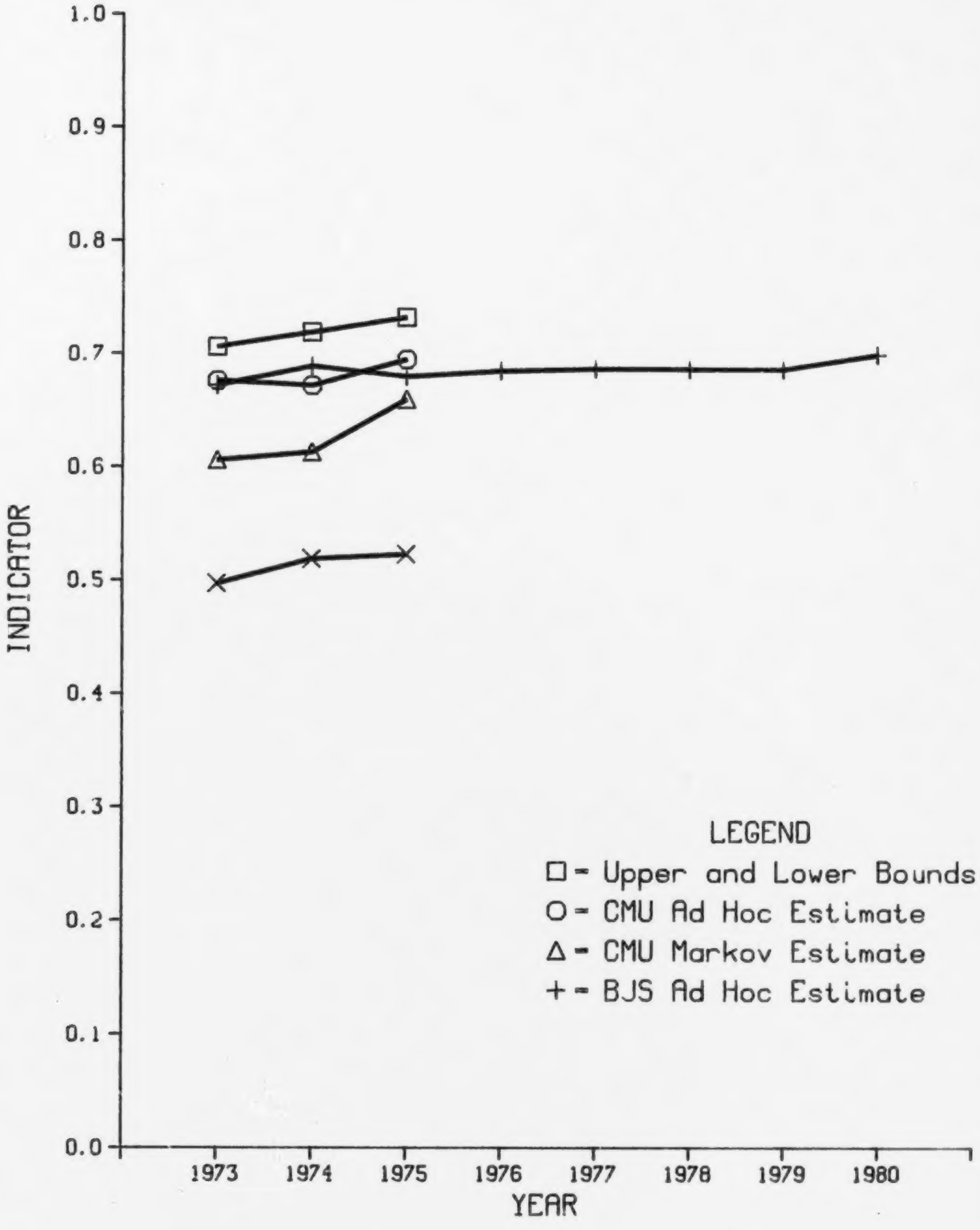

NCS VICTIMIZATION RATES
Personal Sector
Rates Per 1000 Persons
140.0
120.0
100.0
80.0
60.0
40.0
20.0
0.0
RATE
1973
1974
1975
1976
1977
1978
1979
YEAR
LEGEND
□ - Total
○ - Theft
△ - Violence

FIGURE 4

CHEERY INDICATORS OF CRIME

Proportion of Housing Units Not Victimized



Mr. **Garcia**. Thank both of you gentlemen very much.

Let me just ask, what do you believe the implications of these cutbacks are for this fiscal year 1982–83 as it relates to Congress and Congress ability to have the information necessary to make sound judgment?

Mr. **Bonnen**. The weakest level of capability for providing information in our system is the top level. That is the congressional needs for oversight and for legislation, and the national administration at the White House level.

This is where some of the most obvious failures have occurred in the past and with the virtual disappearance of our capacity for central coordination of statistics more failures are certain to occur.

Mr. **Garcia**. Excuse me just one second. Some of you can stand over here if you want to clear that door.

Mr. **Bonnen**. There is an unrecognized problem that lies in the midst of this—sort of like the yoyo effect in design that was just described. If an administration decides it does not need some specific statistics and then 3 or 4 years later another administration finds it does need such data for its policy agenda, there you are, having made a decision to drop a data set and then having to recreate it from scratch—at a cost that far exceeds its continuation.

This raises a question. A lot of people like to finetune these things and that is a mistake even from a budget savings point of view. If you discard everything you don't need for today's decisionmaking you are sure, absolutely certain, within 3 years to find that you haven't got something you need. The dimension that makes this lethal is both cost and the crank-up time which is so long that it often defeats the goal of providing accurate and comprehensive information on time.

Mr. **Garcia**. Mr. Bonnen, in your testimony you made some references to the past administration. Were you also frustrated by some of the actions taken by them at the beginning of the last administration?

That is what I detected, anyway.

Mr. **Bonnen**. I think anyone concerned about statistics was frustrated by the transfer of the coordinating unit out of the Executive Office. If you you think about the statistical coordinating function for 30 minutes you realize that there is no way one of the Cabinet departments can effectively coordinate any of the other departments. The Commerce Department did better by the statistical policy unit, in terms of personnel resources and monetary support than OMB; but the unit was unable on numerous occasions to convince people they were objective and not "carrying water" for the Census Bureau or somebody in the Secretary's office in the Commerce Department. They weren't perceived to be protected enough to be neutral. I believe they were neutral, but some perceptions ran the other way.

It is the need for a real and perceived neutrality that that prevents one from lodging it outside the Executive Office.

Mr. **Garcia**. Mr. Fienberg, you mentioned in the last part of your statement four very important areas, as far as I am concerned, and I am sure many Americans are too, the question of the economy, No. 1; crime, health, housing, and education. All of these decisions are going to be made fairly shortly as we get into the budget process, where we are already. And as we start to vote and start to appropriate moneys for the next fiscal year.

How do you figure that the Congress is going to be able to deal with making intelligent decisions and making sure that everything here is done in an intelligent manner and that the facts are accurate?

Mr. **Fienberg**. I can only say I continue to believe if we inform committees and subcommittees like the present one of the potential problems and what they are getting for their budget dollar in the statistical area, or perhaps not getting as a result of budget reductions, that perhaps we can preserve those parts of the statistical agency programs that are essential for policy purposes.

Let me give you two examples. I mentioned the current population survey, which produces unemployment estimates.

Mr. **Garcia**. Let me interrupt to introduce my colleague from the State of New Jersey and ranking minority member, Mr. Jim Courter.

Mr. **Fienberg**. The unemployment figures are now going to be less precise than they were only 2 or 3 months back, given a 16-percent reduction in the size of the survey. But I think what is worse is that 16 percent of the budget reduction that we saw for the Bureau of Labor Statistics during the current year affected not only the major survey but supplementary survey activities that were designed to produce more accurate estimates for minority groups. During the current extreme unemployment problem where people are interested in measuring unemployment rates in particular for special demographic groups, we are not getting accurate data for those groups at all, and that is a direct consequence of budget reductions.

A second example is the other most well publicized Government data series also coming out of the Bureau of Labor Statistics; the Consumer Price Index.

The CPI, as we heard only a few moments ago, is used to index millions and millions of dollars of allocations. I guess billions would be a correct figure. Yet we don't have an estimate of the accuracy of the CPI index.

The Bureau of Labor Statistics was all geared up to produce such a number. It requires $1 million of computing time and calculation and budget cuts have forced BLS to suspend that particular activity.

BLS staff have already invested hundreds of thousands of dollars writing programs and doing the development work for that estimation, yet they can't implement it. Therefore, we don't know how accurate the numbers are that we see each month, so we don't know if the economy is going up and down and we don't know if we are allocating more money to these indexed programs than perhaps we should, or perhaps less money.

Mr. **Garcia**. We had Dr. Janet Norwood testify before this committee at the beginning of this year and, as the chairperson of this committee, it was my first introduction to the question of not only the Consumer Price Index but to the implications. I found that quite interesting because there are so many people dependent on how the CPI fluctuates up and down.

It just seemed to me that any variance of that away from absolute accuracy is going to have a detrimental effect on literally millions of people across this country.

I sometimes think that there are those areas where they want to fluctuate the figures and statistics to show whatever the economy may be doing. I feel they play with those figures in some areas and I think in other areas they don't. The reason why these hearings are so important, is that we are going into the new federalism. It seems to me under block grants, all of those statistics are really essential when you start to dole out the moneys to the communities. And as a former State legislator, I know what is going to happen in a State capital if you don't have those figures and statistics to back up what you are claiming to be the needs of your specific community. Then it turns out to be political as opposed to need, and I think when you deal in a political world of the State legislature, you don't necessarily come out on top.

I mean the people who need.

I would rather be absolutely fair and make sure that those figures are the facts when we start to dole out those dollars.

Do you think in general, the administration has cut back on everything? I want to be fair. Do you think they look upon the Bureau of the Census and what it means in any special way or is it just that their outlook has been to cut across the board and let the chips fall where they may?

Is there any emphasis on statistics and data?

Mr. FIENBERG. I wouldn't say there is a special emphasis on statistics and data. Indeed, there is a deemphasis in some cases. Most legislative programs have constituencies. That is very little, here, for statistics.

Mr. GARCIA. Are they out to get the Bureau of the Census; are they out to get statistics; are they out to eliminate it so the record is not as clear as it should be and then they can fudge?

Mr. FIENBERG. I can't answer that question. I certainly believe the people who are at the Bureau and continue to be there over a time have the highest integrity and have no intention of doing that.

Mr. GARCIA. I must tell you I am impressed with the Director of the Census, Mr. Chapman. When he has come before the committee he seems to be a person who truly wants to do the right thing, but I think we have to help him here and that is the purpose of these hearings.

Mr. FIENBERG. I agree.

Mr. BONNEN. I don't think there is any conscious effort to "do in" statistics. I think there has been a trend in the last decade toward political appointees in policy roles who have less of a felt need for numbers in order to make decisions. But that is in the air, in the values of society.

I don't think that it is anything very conscious.

We are weighing our value judgments more heavily in the scales against positive knowledge. In addition the central problem in statistics, as I see it historically, has been that nobody thinks about statistics until it is too late to assure their availability at the time or in the form needed.

Mr. GARCIA. Do you think it is too late now?

Mr. Bonnen. It is awfully late as far as statistical coordination is concerned. Here we are with a statistical production capacity that is incredibly larger and more complex than it was 35 years ago, yet all we have left to coordinate that capacity is a remnant of what we had in 1947. In reality the capacity for central coordination ought to have grown to deal with the growth in the data base. Instead, central coordination is essentially dead.

Mr. Garcia. Is it possible to recoup?

Mr. Bonnen. Sure, if there is the will to do it.

Mr. Garcia. What path would you take, Mr. Bonnen?

Mr. Bonnen. I can repeat the general conclusion that our study came to, which is that for the statistical policy unit to survive in a reasonable form and with reasonable resources you are going to have to lodge it as a separate agency in the Executive Office of the President with more personnel and budget and a number of institutional improvements.

Some say it belongs in OMB. I suppose there are things that would perhaps be better coordinated if it was in OMB, things that will still have to be coordinated if the central statistical unit is outside OMB as another Executive Office agency.

But the fact of the matter is, for 35 years it has slowly died in that environment and I think we understand why. It is because in OMB you are up to your armpits in alligators and you just don't have much time to worry about statistics. It's not important to OMB and never will be.

Mr. Garcia. Let me say to both of you gentlemen, we are hopeful that it is not too late. I think probably more so now than at any other time in history the data is absolutely essential and needed for whichever course we take as a nation. I don't want you to get the impression this subcommittee is all powerful and almighty but at least we can get a record, start to make it public, and get persons like yourselves to come and testify to build up what we hope will be a legitimate record to present to my colleagues in Congress.

We feel that your testimony is going to be extremely important.

I have a series of questions that the staff has prepared for both of you gentlemen. I would like to have those questions submitted to your offices and if you would be kind enough to respond over the next couple of weeks so that we can have those answers in the record, that would be helpful.

I thank both of you for being with us today.

[The following response to questions was received from Dr. Fienberg and Mr. Bonner:]

Questions

1. In your testimony, you discuss the need to redesign the surveys conducted by the Bureau of the Census. The Director testified before us two weeks ago that even though this redesign has not occurred, the accuracy of the data is not impaired. He said the effects were limited to the costliness or efficiency of the surveys. Do you agree with him? Are the data we get from surveys that have not been redesigned reliable and valid?

2. In January the Bureau of Labor Statistics started using 1980 census results to calculate the size of the labor force, the number of people employed and the number unemployed. The 80 census has also been included in the calculation of the proportion of the people who are unemployed. Yet, as you have testified, the survey design is still based on the 1970 census. Do you think that by using a survey design based on one census to derive estimates based on another, the Bureau of the Census and BLS may have produced biased results?

Response

The two questions posed to me in writing, seem to be getting at the same issue, and thus I choose to provide a single answer to both. I believe that there are several aspects to the use of a 1970-based frame that cannot be adjusted for directly through the implementation and conduct of Census surveys. Most certainly there is a matter of precision or efficiency; in 1982 we can come up with a more cost-efficient design than one based on the 1970 decennial census. But there is also the matter of accuracy. I know of no statistical theory that explains why we should believe that a probability sample from the old frame should allow us, by itself, to get accurate estimates in 1982.

Fortunately, we can make some adjustments using 1980 census data without completely redesigning a 1970-based survey. For example, the last stage in the estimation procedure for unemployment levels and rates using data from the Current Population Survey involves a ratio adjustment for age-sex-race and state totals. When 1980 census data are used for such adjustments instead of 1970 data, most of us have much greater confidence in the accuracy of the resulting estimates. Whether the use of 1980-based data for adjustments ensures accurate estimates is, however, an empirical rather than a theoretical matter, and I have yet to see the results of any conclusive study on this issue. I guess I would like to have an opportunity to examine what evidence the Director of the Bureau of the Census has to support his claim that "accuracy of the data is not impaired."

MICHIGAN STATE UNIVERSITY,
East Lansing, Mich., March 31, 1982.

Mr. MIKE FERRELL,
Staff Director, Subcommittee on Census and Population, Committee on Post Office and Civil Service, House of Representatives, Washington, D.C.

DEAR MIKE: Enclosed is an edited final version of my testimony along with answers to the questions asked. I also have enclosed a copy of the Final Report of the Statistical Reorganization Project[1] which I offered, in my testimony, to provide for the hearing record. It is in two forms, so you can choose which to use. The first (marked #1) is as it was first published in the Statistical Report. The second version is from the November 1981 American Statistician and is accompanied by a set of comments that explain and give a broader context not only to the Report but to statistical coordination. You would have no problem getting the editor's permission to reprint it. In fact, if you wish I could solicit the authorization for you.

I thought the hearings were excellent, well organized and the best run I have participated in. Representative Garcia really knows how to run a meeting.

Sincerely,

JAMES T. BONNEN, *Professor.*

QUESTIONS AND ANSWERS FOR JAMES T. BONNEN

Question. Short of setting up a strong coordinating office for the federal statistical system, what action do you think the administration should take to strengthen the work of the statistical agencies.

Answer. I assume you mean, if the function remains in OMB, what would strengthen it. Except under the most unusual circumstances, leaving statistical policy in OMB will in the long run be fatal. However, in the short run several things would help. The first is replace the administrator who left recently. This should be a strong leader who has the respect of the Washington statistical agencies and professional community. Next, increase personnel and resources to the 26 positions which were in existence last year when statistical policy was in the Commerce Department. Reestablish the Statistical Policy Coordinating Committee or its equivalent. Reestablish publication of the Statistical Reporter. Have OMB visibly commit to a genuine statistical policy effort that is integrated into the budget process. Establish an OMB statistical policy agenda of specific projects that are important to the performance of the statistical system. Many departments fail to recognize the need for the coordination of statistical policy. If the administration could convince all the departments to make a systematic investment in statistical policy, it would be a major contribution to more efficient use of information resources and would substantially improve the quality of statistics in a number of departments. Coordination of statistics is necessary at each level of decision. These actions might reestablish some credibility for OMB. At this point no one in the statistical system has any reason to believe OMB is committed in any manner to the coordination of statistical policy.

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[1] NOTE.—The report referred to was retained in the official hearing record.

Question. On February 25, 1982, the Census Director testified in this room that he was protecting the core mission of the Bureau. Do you think the core programs of the statistical system are being protected by this administration?

Answer. I believe statistical agency heads are doing their very best to protect the core of their programs as they understand them. But it is not enough to pursue only agency or even department goals. I am not sure anyone at higher levels has thought about the statistical system. At least I am unaware of any evidence of action to assure the coherence and the national decision capability of the statistical system.

Question. In your testimony you advocate a strong coordinating office for the statistical agencies. If such an office existed now and it had the authority to review the budgets of the statistical agencies, what difference would it have made? Can you give us some examples of problems that could have been avoided or decisions that could have been less chaotic?

Answer. Certainly the unsophisticated approach to statistical program budgets, statistical burden reduction and user fees, which I have discussed, would surely be avoided. If over the last decade the U.S. had had in place the kind of coordinating office recommended by the Statistical Reorganization Project, we would by now also have a common confidentiality statute covering all major statistical agencies as well as have available various types of standard statistical establishment lists for complete or partial enumerations. This would save many millions of dollars in the duplicate development of list frames in different agencies to provide the same or nearly the same universes for sampling. The development and revision of large address lists is a very expensive process and accounts for a significant part of the cost of some surveys and census. Today the lack of a common basis for confidentiality of voluntary collections leads to a general failure of agencies to share lists or to cooperate in the development and maintenance of common lists. Similarly, surveys of the same or similar universes, if managed as a single survey or even a set of surveys, can substantially reduce the costs of some statistics. Millions of dollars could be saved.

Currently we are dropping geographic detail, reducing coverage and accuracy of much state and local data needed by lower level units of government. I would hazard the guess that if the trade-off between some federal uses and state and local uses had been reviewed for national statistical priorities, some agency level decisions would have been revised and we would not be facing the scope of proglems we now appear to face in state and local data.

Question. A little later on this morning we will hear some data users advocate the imposition of user fees. In your testimony in this time of stringency, when the statistical agencies are looking for every source of revenue, why shouldn't they increase their fees?

Answer. We should be exploring user fees. But it should be done thoughtfully. My concern is that departments are about to impose user fees without any understanding of the differences between public and private goods and without any analysis of the consequences before they act.

Mr. GARCIA. I understand the mayor of the city of Rockville, Md., is here and he is going to be representing the U.S. Conference of Mayors. Mayor Hanna. We had a dynamic mayor in the city of Utica, N.Y., by the name of Ed Hanna. I don't know if he is any relative.

Mayor HANNA. No.

Mr. GARCIA. He was one tough guy.

Mayor HANNA. I have heard of him. He did make the papers down here. I think it is kind of interesting because there is also a Mayor Hanna down in Louisiana. He is a very quiet individual. I think I am somewhere in between. You will have to judge for yourself.

Mr. GARCIA. Let me say we are delighted you are here because I think that the cities of this country, if anybody, needs the data. Such is the group that you represent, the cities, and the Conference of Mayors.

STATEMENT OF WILLIAM E. HANNA, JR., MAYOR, ROCKVILLE, MD.

Mayor HANNA. Thank you for this opportunity to testify on the data needs of cities. At a time when national concern about restructuring relations among various levels of government has never been greater, cities and the Nation as a whole need timely, disaggregated data to guide and inform their policy decisions.

It does not appear that the Federal Government plans to meet this end. Census day 1980 was almost 2 years ago and we are still waiting for many of the last decennial census results.

Moreover, many cities still feel that the Census Bureau's count of their population was inaccurate. Legal efforts to require a postenumeration adjustment have stalled temporarily. The Conference of Mayors continues to urge this committee and the Congress to direct the Census Bureau to undertake such an adjustment.

Moreover, it is important that the Census Bureau fully cooperate with local officials in checking the accuracy of housing and population counts. So far, of course, they have refused to share those with us.

I can understand them, you know, if this was a secret tax program or something, that they wouldn't want to share but we are talking about just plain facts.

I guess the cities can't understand why they can't see those. Freedom of information would seem to extend to that point.

An announcement was made recently that the first mid-decade census, which the Conference of Mayors and many other groups supported, will not be conducted in 1985.

We are disappointed that this decision has been made because we believe the 1985 census could have been an important source of timely information to State and local officials.

We have needed that 5-year census for a long time. We thought we finally had the answer; just as we grabbed for it it disappeared out of our hand.

Mr. GARCIA. Let me say out of fairness to the administration, because I have had my difficulties with these budget cuts, we did not get the cooperation of the last administration as we started to go into the question of the mid-decade census.

Mayor HANNA. Mr. Chairman, I appreciate the remark and let the plague fall where it is deserved.

In addition, State and local data on Federal grants flowing to State, county, and local government are to be discontinued.

While this series has had imperfections which were in the process of being corrected, it is the only comprehensive data available and is of special value in the debate about the federalism initiatives.

In general, we are concerned about a fragmented reduction in the amount and type of data produced by various departments and agencies and about our access to the data and data services which do exist.

The Conference of Mayors recommends that the Congress and the administration work with various levels of government to review and revise programs and services in light of budget realities.

The Federal-State cooperative program, with an explicit role for local government, might be a focal point for this type of effort.

Numerous studies in recent years, such as statistics for allocation of funds, statistical uses of administrative records, "Distributing Federal Funds: The Use of Statistical Data," all done by the Office of Federal Statistical Policy, contain problem statements and recommendations for action.

The Conference of Mayors has also made recommendations, including the creation of a national urban data and information system.

You might not know that my infamous past includes running the largest data processing system in the world and I certainly think we ought to be able to have some data of urban systems.

To date the recommendations of all of us have led to little implementation.

There are five key issues which should be addressed by whatever review process is established: Access, standards, key data items, targeting, and program evaluation.

The Office of Federal Statistical Policy, which has been shifted again to the Executive Office of the President, has the Government-wide perspective necessary to provide administration leadership in achieving improvements in these five areas and a stronger intergovernmental partnership.

ACCESS

Obtaining access to the data needed to address local issues is costly and time consuming for cities. Here is one place where federalism needs no debate. If we are going to have national data the Federal Government should collect it. We don't want 1,000 or 18,000 units of local government collecting it and all shouting that theirs is right and everybody else's is wrong. That is one place where we need a national system.

State data user centers have significant potential for increasing local access. Municipal identification of data items could also simplify access.

STANDARDS

If anything, this is probably the most important point. Federal Government agencies use different standards and criteria to measure the same indicators, for example, unemployment and poverty.

State and local governments also use different approaches.

Data series for the same items vary by time of collection, statistical validity, and other factors.

Legislation will sometimes use criteria requiring data which is not available and for which there are no good proxies.

Action at the Federal level to set and enforce common standards among agencies and to provide incentives for more uniform statistical and data collection practices at the State and local level would be desirable.

Incentives might involve money and/or Federal acceptance of local data for certain purposes; for example, program applications or evaluation if not for allocation of funds.

It just seems to me that it would be of immense benefit to have an even set of data we can all use, put together by an office that is not political but is an independent body.

SELECTION OF KEY DATA ITEMS

The Conference of Mayors believes there is a need for an improved process to identify those statistics which should be given priority for frequent collection and a sample size sufficiently large to permit disaggregation

Standardization among Federal programs should be accomplished quickly for these items.

The following data factors, which are widely used in Federal assistance programs with significant Federal dollars are among those which should be given top priority: Per capita income, median family income, poverty/low income, unemployment, and total population.

Those five essentially are the driving factors or triggers for every major Federal resource allocation in the Government and I think we should concentrate on those.

TARGETING AND PROGRAM EVALUATION

The growing concerns about the level of Federal spending and the shifting of functions among levels of government underscores the importance of more closely relating Federal statistics and legislative purposes.

This will require legislation which is specific enough to set administratively clear criteria for allocating funds and approving projects.

A flow of information is also needed to determine if congressional goals are being achieved.

One possible approach is that used with the Survey of Income and Education, SIE, in 1976, when Congress set aside funds in the basic legislation to employ the Census Bureau to carry out a survey.

Targeting and program evaluation were viewed as an important element of carrying out the program from its inception. The SIE produced data which has been of value for many other purposes.

The proposed review process cannot be a substitute for money. For example, a mid-decade census which we believe is necessary will cost money. Greater frequency of data collection is critical.

Moreover, insufficient resources are being devoted to the gathering of data which is important for targeting and program evaluation.

While there are economies to be gained through standardization and the setting of priorities, it is not likely that a stronger intergovernmental partnership in data collection, analysis, and use will save money in the short run.

However, use of the proposed intergovernmental review process to guide changes in the Federal statistical system will enable State and local officials to work more effectively. The cost savings will show up in the quality, effectiveness, and efficiency of government services.

Thank you for this opportunity to testify today on this important subject. We look forward to working with you to insure that Federal statistics are useful and accessible to local officials.

Mr. Chairman, I would like to comment off the cuff for a moment.

I can't think of anything that has less sex appeal than data and all those figures and so on, but it is fundamentally important. It is the only way that reasonable men and women can debate any subject.

If we don't start from the same base then I don't care how logical or how beautiful or how profound your arguments are, if we are starting from a different set of assumptions we are never going to arrive at a conclusion that we both can accept.

So I think we have to take the time and the money at the national level—and we can all use these figures—they are for everybody—to insure adequate collection, access, standardization, and availability of data.

Mr. Chairman, I really do appreciate your listening to me.

Mr. GARCIA. I thank you very much, Mr. Mayor, for being with us because you do represent a very significant and most important political arm of government and that is at the local level. It seems to me as I go through your statement that you talked about per capita income. We have changed that and now they are going to be reporting at 2-year intervals instead.

You talk about the median family income, the poverty with the low income, and the data from the census that is not being released. You talk about unemployment and the CPS, current population redesign which is also being delayed. All this, because of cutbacks and because of what is presently taking place here in Washington.

Of course, in the total population you and I both know that that is an argument I have now with the Census Bureau. They went out and fought that battle on the recount and the adjustments and the Supreme Court decided in their favor.

It is the Supreme Court, so there is not very much I can do but leave it alone, but, nevertheless, it is a disappointment. We have to obey what the Court says.

Just let me ask a couple of questions. On this new federalism, are you satisfied that you are going to have the data that you need to make sure that you, as the mayor of Rockville, and the other mayors, are going to get your fair share from the State capitals?

Mayor HANNA. No; absolutely not. I am on Maryland's equivalent of the ACIR, the Advisory Committee on Intergovernmental Relations, and already the debate is forming around the data to be used in the formulas.

With different people, of course, starting with different sets of assumptions, they are never able to debate properly because they are never on the same level.

So the answer to your question is no, I am not satisfied. In fact, I am most dissatisfied.

Mr. GARCIA. And you feel that the mayors of the cities are going to be shortchanged?

Mayor **Hanna**. There is no doubt in my mind that at least some mayors are going to be shortchanged. I don't know which ones. In fact, they don't know which ones.

But if there is one thing we should be responsible for it should be an even and level set of rules for all of our governmental units. No one should be disadvantaged and no one should be advantaged and that is where the data becomes so important.

That is the only way you can guarantee it.

Mr. **Garcia**. As an elected official from the State of Maryland, who is going to win and who is going to lose in your State? Is it the politically powerful in Annapolis, or how does it work out?

Mayor **Hanna**. The politically powerful always win, Mr. Chairman, unfortunately.

Mr. **Garcia**. Mr. Mayor, I happen to agree with you.

Mayor **Hanna**. And right now the State is ahead. Let me put it that way.

Mr. **Garcia**. I agree. But you know, at least, if you have the data and it is accurate data you then make your arguments and persons of good will will have a very difficult time making sure that those moneys go where the are needed most and where the money is targeted.

I say to you, Mr. Mayor, we are hopeful that these hearings, and several others that we are planning, will be of benefit to the Conference of Mayors and to local governments because we feel very strongly that data is going to be a tool we need to fight big brother.

Mayor **Hanna**. I think this room indicates the interest in the subject.

Mr. **Garcia**. Congressman Courter would like to ask a question.

Mr. **Courter**. I notice on page 3 of your testimony you indicated that standardization, uniformity, is one of the most important things that we should be striving for and I suppose to a great extent it is one area where you really don't need money to get standardization.

I know that money will help but without the utilization or need for additional funding, what suggestions would you have in order to have some sort of uniformity and standardization in the statistics we all want to use?

When we talk to our local mayors and local legislators, in terms of unemployment, we find we mean one thing and they mean something else; or, as to poverty level we mean one thing, they mean something else. What is your suggestion in having some sort of complete uniform definition of these statistical indicators?

Mayor **Hanna**. I am able to give you a simplistic answer to that. In this case I think the simplistic answer might be a proper one. Frequently it is not but logic——

Mr. **Courter**. I am on the edge of my seat.

Mayor **Hanna**. Well, if you just think about it a minute, we do have a large number of agencies who have been assigned responsibilities for data collection and data analysis. It only makes sense that some office—and maybe it is the Office of Statistical Policy—should assert some control over the standardization of data. As you say, here is one area that primarily is not a money item. It depends primarily on the will to do it.

So there are two or three things the administration can do. One, they can say "All right, the Office of Statistical Policy" or whatever agency they want to name, as long as there is one that is not responsible to or under any individual agency, that agency can decide which agencies are going to be responsible for which national indicators. And that there will only be one agency responsible for any one indicator.

Now, there can be a committee that serves that agency for that indicator to arrive at whatever it should be but there will only be one agency in the final analysis that will be responsible for making that indicator available by gathering it and doing whatever analysis is necessary and then making it available to everyone else on the national scene.

The argument would not be among agencies. If you had an argument you would take it to that one single agency responsible for that particular indicator.

It does seem to me that that is something that could be done. It would mean stepping on some of the agencies' toes who now collect data. Several of them collect the same data and with slightly different aspects and obviously they are not going to want to give that up.

But you have the power. You can say this is the way it is going to be.

I would urge that you take just that kind of direct action. I think the whole world will applaud you when you do. The only people who won't applaud you will be the small groups who feel they have lost something, but the national good should still prevail over any individual local consideration.

You might even save a few bodies along the way that you could use in more useful ways somewhere else.

That is my simplistic answer. And until somebody shows me why it can't work I am going to live with it.

Mr. GARCIA. Thank you so much.

Mayor HANNA. Mr. Chairman, I do thank you. Your name obviously has ancestry associated with Don Quixote and the impossible dream. I suggest we stay with it.

Mr. GARCIA. Our next witness is Dr. Arthur Flemming, chairman of the U.S. Commission on Civil Rights.

Before Mr. Flemming starts, I would like to welcome him to the hearings. He has been a champion, a person who has done a great deal of work for so many Americans. I would just like to, on behalf of this committee, congratulate him, especially on his work for minorities.

It is my own personal belief that the administration made a mistake. That is my opinion, and I think many people share it with me. I understand that the recommendation for your replacement is soon going to be coming in and I am not as optimistic as to what that person will do.

Dr. Flemming, you can proceed as you so desire.

STATEMENT OF ARTHUR S. FLEMMING, CHAIRMAN, U.S. COMMISSION ON CIVIL RIGHTS, ACCOMPANIED BY SALLY KNACK, PROJECT DIRECTOR, OFFICE OF PROGRAM AND POLICY REVIEW

Mr. **Flemming**. Mr. Chairman and members of the subcommittee, I am Arthur S. Flemming, chairman of the U.S. Commission on Civil Rights. I am accompanied by Sally Knack, Project Director in the Office of Program and Policy Review.

The Commission is pleased to respond to your request for testimony on the consequences of statistical program reductions for civil rights.

It is clear that accurate and up-to-date statistical information is needed to plan effective programs for the development and implementation of civil rights laws and court decisions and also to determine what progress or lack of progress can be attributed to these programs.

Without such information the civil rights movement will be responding to broad, unverifiable generalizations instead of to facts.

Far too often in the past, requests for needed information have been met with the response: "We do not compile statistical information in that area."

Unfortunately, present policies make it clear that such responses will increase, not decrease.

The effect of reductions in Federal statistical programs is being felt, for example, at the Commission. Our agency is responsible for investigating complaints alleging denial of voting rights, studying and collecting information concerning legal developments constituting a denial of equal protection of the laws, appraising Federal laws and policies with respect to civil rights matters, and serving as a national clearinghouse for civil rights information.

In carrying out our mandate we frequently rely on secondary data sources, including decennial census data and information from the Current Population Survey and other sources.

As a consequence, the substantial reductions in Federal statistical programs from which the Commission draws information will affect our ability effectively and efficiently to carry out our investigatory and clearinghouse functions.

Data from large scale, periodic Federal surveys, such as the decennial census and the monthly Current Population Survey, are useful for identifying trends in socioeconomic conditions, thereby facilitating evaluation by Federal agencies such as the Commission of society's progress in achieving equal opportunities for all Americans.

These data are often indispensble as background information for policy formulation and program planning.

For example, statistics on births and immigration by language group help identify those geographic areas in which bilingual education programs are needed and, in addition, provide a framework for assessing the magnitude and possible duration of that need.

Large scale Federal survey data are also playing an increasingly important role in the distribution of Federal assistance.

In categorical programs, recipients often use these statistics to estimate eligible beneficiaries and assess community needs when making application for assistance.

Under block grants, Federal aid is automatically distributed to recipients according to predetermined characteristics, the measurement of which relies heavily on Federal survey statistics.

The quality of these data is of primary importance since conversion of many categorical programs to block grants is a major thrust of this administration.

Because of continued substantial minority undercounting, communities with large numbers of racial and ethnic minorities may currently not be receiving their fair share of Federal assistance.

In addition to these survey data, program data collected in conjunction with the administration of specific programs also serve useful purposes to the agencies responsible for these programs as well as to the Commission.

Program managers can use data on applicants for assistance and on the quantity and quality of services or benefits to identify problem areas, pinpoint factors impeding maximum impact of intended remedial efforts, and delineate differences among minority beneficiaries that warrant program adjustments.

Program data are also useful to Federal agencies with civil rights enforcement responsibilties. These agencies often use racial and ethnic program data to aid in determining which recipients should be subject to compliance reviews.

The data also serve as a basis for the findings of that review and as a means of establishing goals and timetables for remedial action.

Budget cuts and reductions in reporting burden are taking their toll on the type, amount, and timeliness of data collected in ongoing surveys.

One of the most important examples relates to the collection of Hispanic employment data on the Current Population Survey.

In response to Public Law 94-311 enacted by Congress in 1976, which requires Federal agencies to improve and expand data on Hispanics, the Bureau of the Census and the Department of Labor increased the sample of the Current Population Survey to collect reliable quarterly and annual data on Hispanic employment and unemployment.

The Commission subsequently conducted a study of the extent to which the Department of Labor was complying with Pubic Law 94-311. Our findings and recommendations were published in May 1978 in Improving Hispanic Unemployment Data: The Department of Labor's Continuing Obligation.

We found that the Department had no plans to publish monthly unemployment rates for Hispanics despite clear congressional intent that the Department do so.

No decision was made until October 1981, however, on recommendations by this Commission and others to expand minority sampling.

At that time the idea was rejected by the Secretary of Labor because of the President's desire to reduce Government spending.

Instead, plans were made to increase somewhat the reliability of minority statistics by redesigning the current population survey sample based on the 1980 census.

Budget reductions sustained by the Departments of Labor and Commerce have caused completion of the sample redesign to be postponed to January 1985. Attainment of this target date depends, however, on actual amounts appropriated for fiscal year 1984 to complete the work.

The types and amount of information collected on the current population survey are also being reduced. For example, supplementary data on multiple jobholding normally collected in May of each year are being eliminated.

In addition, the frequency with which data on voting are collected through the Current Population Survey is being reduced so that information will be collected only during the years of a Presidential election.

Still other Federal periodic surveys face difficulties because of budget restrictions. For example, the National Center for Health Statistics has been planning to improve estimates for minorities from its Health Interview Survey [HIS] by redesigning the sample based on the 1980 census.

Because of budget reductions, completion of sample redesign has been moved back from 1985 to 1987. The frequency with which several health-related surveys will be conducted by the National Center for Health Statistics is also being reduced.

The Commission has found data from these surveys to be helpful in monitoring the health status and delivery of heatlh services to minorities and women.

For example, data from the health surveys were useful in preparing for a consultation on civil rights issues in health care delivery held by the Commission in April 1980. See Civil Rights Issues in Health Care Delivery, April 15–16, 1980.

The fact that they will now be conducted less frequently will adversely affect further work on health by the Commission and other civil rights groups.

The frequency of data collection on housing is also being reduced because of the lack of budgetary support. The Annual Housing Survey will now be conducted biennally instead of annually.

This survey has been an important source of information for the Commission and civil rights organizations in monitoring equal housing opportunity, an area which certainly requires monitoring.

Several education surveys upon which the Commission has relied heavily in following school desegregation in elementary and secondary schools and institutions of higher learning are or will soon be feeling the effects of budget reductions as well.

The Office for Civil Rights [OCR] in the Department of Education, previously the Department of Health, Education, and Welfare, has been providing funds to the National Center for Education Statistics to gather racial and ethnic data on enrollment and degrees earned in connection with the National Center for Education Statistics' higher education general information study.

OCR's funding for this purpose was halved for fiscal year 1982, but the National Center for Education Statistics has been able to makeup the difference and continue collection of these data.

However, for fiscal year 1983, OCR funding has been cut out entirely. The National Center for Education Statistics does not yet know whether it will be able to cover this loss. Therefore, continued collection of these data are in jeopardy.

Some of the 1978 data from this survey were used by the Commission in its April 1981 report entitled The Black/White Colleges: Dismantling the dual system of higher education.

Several changes have also been made in the surveys of elementary and secondary schools. Data from these surveys were used extensively in a major Commission study of school desegregation: Fulfilling the Letter and Spirit of the Law: Desegregation of the Nation's Public Schools, August 1976.

I might say they have been used also in subsequent studies we have issued in this particular area.

As one example of a significant modification of the survey, the sample has been reduced from 5,000 school districts to about 3,000 districts by eliminating those with fewer than 1,500 students.

This will preclude continued monitoring of desegregation in small rural or suburban districts. In addition, certain questions have been eliminated or modified to reduce reporting burden by roughly 25 percent.

Most of the affected questions pertain to handicapped or special education students.

Importantly, detailed questions on the number of hours enrolled in special education have given way to questions that ask only for part-time or full-time enrollments.

The Commission is particularly concerned about the elimination of such detail since we have found in several previous studies that minorities are often incorrectly identified as and disproportionately placed in classes for the educable mentally retarded. See, for example, Commission reports entitled Toward Quality Education For Mexican Americans, 1974, and Fulfilling the Letter and Spirit of the Law, August 1976.

Budget cuts are also affecting the processing of 1980 census data. Release of 1980 census reports and computer tapes are about 1 year behind schedule compared to the 1970 Census.

Although litigation has held up work to some extent, budget cuts, reductions-in-force, and furloughs have had and will continue to have their effect on work schedules as well.

In addition, budget reductions have led to cancellation of plans for a mid-decade census.

Delays in releasing public use tapes from the 1980 census have, in part, caused the Commission to postpone three planned projects which are to be based on these data.

The projects are an update of the report Social Indicators of Equality for Minorities and Women published in 1978, an analysis of the employment status of Americans of Eastern and Southrn European ancestry, and the development of a civil rights data bank clearinghouse.

Commencement of work on our social indicators update is particularly urgent because of its role in evolving policy and also because a social indicators report series jointly prepared by the Bureau of the Census and the Office of Managmeent and Budget has been canceled for lack of funding.

Moreover, the Commission's work is unique in that its express purpose is to provide measures of equality among minorities and women in education, income, employment, occupations, poverty, and housing.

The study of Euroethnic employment is also important as it represents part of our research pursuant to Public Law 96–81, which specifically mandates that the Commission continue to assess equal employment opportunities for Americans of Eastern and Southern European ancestry.

Finally, the data bank clearinghouse, which is to serve the Commission as a decentralized civil rights storehouse of statistical information on minorities, women, the handicapped, and older Americans, clearly requires the 1980 census data to function effectively.

These are the difficulties we face because of reductions in ongoing surveys. Still other surveys which were to have begun but were canceled for budgetary reasons represent an inestimable loss of information that would have been useful for policy formulation and civil rights compliance evaluation.

For example, plans within the Bureau of the Census to begin a quarterly survey of income and program participation, SIPP, have been canceled entirely for lack of sufficient funds.

This survey would have provided periodic information on participation in Government programs, income from cash payments and noncash benefits, assets and liabilities, and taxes paid.

In addition, it would have tracked changes in the household or family structure with changes in income.

SIPP would have been an invaluable data source to the Commission and other agencies for analyzing the effectiveness of Federal entitlement programs, analyzing the effect of economic changes on individual and family well-being, and analyzing and projecting the effect of such matters as welfare reform and changes in tax policy on minorities, women, the handicapped, and persons in different age groups.

Yet another survey has been canceled for lack of funding that would have been helpful in policy formulation and program design to provide assistance specifically to the handicapped.

OMB disapproved the Bureau of the Census' 1981 budget request of about $11.5 million to conduct this survey in 1982 on the basis that the several Federal agencies that would have benefited from the data should support this work.

Sufficient individual funding from the affected agencies has not been forthcoming because of their own budgetary restrictions.

As planned, this survey would have furnished information not elsewhere available on the size, location, and economic, social, physical, and mental status of disabled persons.

Failure to undertake this study can severely undermine Federal Government effectiveness in carrying out the nondiscrimination provisions of section 504 of the Rehabilitation Act of 1973.

In summary, reductions in budgets and in reporting burden have caused and will continue to necessitate substantial cutbacks in the quality, quantity, and timeliness of data collected on the socioeconomic status of minorities, women, the handicapped, and persons in different age groups.

The effects have been felt in the cancellation of new data series, in the sample size of ongoing surveys, in the detail of questions or information requested, in the frequency of surveys, and in the release or publication of public use tapes, data analysis, and reports.

These events can only weaken the civil rights movement and undermine the Nation's ability effectively to serve minorities, women, the handicapped, and older Americans through the delivery of services.

Reductions in Federal statistical programs will also curtail compliance activities of agencies with civil rights enforcement responsibilities and hinder policy formulation and program assessment by the Commission and other agencies regarding the equitable distribution of domestic assistance programs.

Steps urgently need to be taken to forestall further cuts in Federal statistical programs and to restore information-gathering activities vital to assessment of civil rights progress.

The response "We do not compile statistical information in that area," so often heard in the past, should not be allowed to become commonplace again. If it does, it will seriously impede the development of sound plans in the agencies that have civil rights enforcement responsibilities, and it will likewise deprive the Congress and the courts of data which they need as they discharge their roles in the civil rights area.

Thank you very much, Mr. Chairman.

Mr. **Garcia**. Thank you very much, Dr. Flemming.

Just in the district that I represent alone, in the areas of housing, health, voting, education, and employment, there is no question in my mind that the cutbacks in the budget proposed for statistical gathering is going to hurt minorities and there is no question in my mind that this administration claims they are sympathetic to minorities.

Now, this would fly right in the face of everything that they claim to say.

Mr. **Flemming**. Well, this certainly would deprive the Commission and would deprive the agencies that have enforcement responsibilities in the civil rights area of a very important tool both from the standpoint of developing sound plans and from the standpoint of checking up on the effectiveness of plans once they are put into effect.

As you know, one of the major responsibilities of the Civil Rights Commission is a monitoring responsibility. We are charged with the responsibility of working not only for the President and the executive branch, but also for the Congress.

The reports that we develop from time to time have been found by congressional committees that have monitoring responsibilities to be of real help and assistance.

Whenever we are deprived of a tool of this kind it makes it difficult for us to discharge our responsibilities. But, as I indicated in my closing comments in the testimony, it likewise deprives the Congress of very important information which the Congress needs in order to discharge its oversight responsibilities and in order to make plans for legislation in the field of civil rights.

Mr. **Garcia**. You just mentioned the word "Congress," Dr. Flemming. With your permission I would like to take your statement, today, and insert it into the Congressional Record, if I have your permission.

Mr. **Flemming**. You certainly may, and I appreciate your doing that, Mr. Chairman.

Mr. **Garcia**. I think if the facts pertaining to civil rights and the enforcement of civil rights are not available, then what the administration really is saying, in a very indirect but obvious way, is, "Look, we are meeting our requirements, but when you ask for the figures and statistics we must say 'We don't have them,' so there is no basis on which those statements can be true as they relate to this administration and minorities."

Mr. **Flemming**. Well, Mr. Chairman, there is no question in my mind and in the minds of those who have been serving with me on the Commission but that we are confronted with a regressive movement in the area of civil rights, and there is no question in our minds, but that the strategy of the regressive movement is to do everything possible to either weaken or eliminate the methods that you need to employ in order to implement the laws that are passed by the Congress and the decisions that are handed down by the courts.

Certainly any policy that deprives us of statistical information in connection with implementing civil rights laws and court decisions is very consistent with that strategy.

Mr. **Garcia**. But you and I must agree, Dr. Flemming, that we have got to cut back on paperwork in this administration.

Mr. **Flemming**. That is one of these slogans, you know, that I have heard for a good many years. I started to serve as a member of the Civil Service Commission in 1939, so I have gone through quite a number of cycles as far as that issue is concerned.

I would be the first to admit, at times there is more paperwork than can be justified. But the slogans of that kind never move the Government forward.

What you have to do is to analyze the purpose of the paperwork and see whether or not it is serving a constructive purpose as far as the people of this Nation are concerned.

To say that we are going to eliminate basic information in order to cut down on paperwork just doesn't make any sense to me at all.

Mr. **Garcia**. I couldn't agree with you more.

Dr. Fleming, we appreciate your appearance today.

Mr. **Flemming**. It is an honor to appear before you.

Mr. **Garcia**. We will now have a panel of six economists. I will ask Dr. John Casson, the chief economist for American Express; Dr. Markley Roberts, economist, Research Department, AFL-CIO; Dr. James F. Smith, chief economist for the Union Carbide Corp.; Mr. Edward Spar, president of Market Statistics; Dr. Donald E. Woolley, chief economist with the Bankers Trust Co.; and Mr. Gordon K. Davies, director of the State Council of Higher Education, the State of Virginia, to come forward.

Gentlemen, would you please submit your statements for the record and be kind enough to identify yourself to the stenographer.

STATEMENTS OF JOHN CASSON, CHIEF ECONOMIST, AMERICAN EXPRESS; MARKLEY ROBERTS, ECONOMIST, RESEARCH DEPARTMENT, AFL-CIO; JAMES F. SMITH, CHIEF ECONOMIST, UNION CARBIDE CORP.; EDWARD SPAR, PRESIDENT, MARKET STATISTICS; DONALD E. WOOLLEY, SENIOR VICE PRESIDENT, CHIEF ECONOMIST, BANKERS TRUST CO.; AND GORDON K. DAVIES, DIRECTOR, VIRGINIA STATE COUNCIL OF HIGHER EDUCATION, CHAIRMAN, FEDERAL RELATIONS COMMITTEE, STATE HIGHER EDUCATION EXECUTIVE OFFICERS ASSOCIATION

STATEMENT OF DONALD E. WOOLLEY

Mr. WOOLLEY. My name is Donald E. Woolley and I am a senior vice president and chief economist of Bankers Trust Co., New York. For the past 10 years I have served as head of the bank's economics department with the responsibility for assisting top management in the areas of business and financial analysis, economic forecasting, and corporate planning, both short term and for the longer run.

In this capacity my department makes constant use of a great variety of Federal statistics. Specifically, we work with almost all of the banking and other financial data compiled by the Federal Reserve System and the Federal budget data provided by the Office of Management and Budget and the Treasury Department.

But we also use regularly the Commerce Department's national income data and its data on retail trade, homebuilding, nonresidential construction activity, manufacturing and trade inventories, business-fixed investment, and the U.S. foreign trade and balance of international payments data, much of which is compiled by the census bureau.

We rely, too, on the population reports and the data on finances of State and local governments published by the Census Bureau, the data on prices, employment conditions, and wage trends issued by the Department of Labor, and the quarterly financial data covering manufacturing corporations published by the Federal Trade Commission.

The population data, national income statistics, and other business data, information contained in the quarterly financial reports of manufacturing companies, and the data on prices and wages are heavily utilized elsewhere in the bank in support of investment analysis, portfolio management, credit evaluations, marketing, and salary administration.

I would point out that similar use of Federal statistics is made by other large commercial banks. And Federal economic statistics are relied on in many ways in most other types of business as well.

Federal statistics are the only aggregate data available for analyzing national economic trends, for determining economic changes within different regions of the country, and for making international economic comparisons.

Cuts shortsighted: Before commenting on the impact of further budget cuts on Federal statistical programs let me make it clear that, perhaps more than any of the others testifying here today, I view with utmost concern the triple-digit Federal budget deficits which loom ahead for fiscal 1983 and the years beyond.

I fully support the need for making additional and significant cuts in total Government spending so that these budget deficits can be reduced and the Nation's financial markets can regain their confidence and the prevailing high interest rates can be brought down, and kept down. Only in that way will the American economy be restored to full health and unemployment be substantially reduced.

I believe, however, that it is possible to trim the huge Federal budget deficits in sight without doing further harm to the Government's major statistical programs.

To make additional cuts in Federal economic statistics would, in my judgment, be shortsighted and in the long run self-defeating.

Indeed, I would go so far as to argue that more needs to be done to improve many Federal statistics, most notably those relating to business inventories and capital investment, the population data, the foreign trade data, the data on the financial condition of manufacturing companies, and the consumer price index.

The quality and relevance of these, and some other, Federal statistics has slipped in recent years as a result of previous budgetary limitations and, in certain instances, a lack of interest by the compiling agencies.

Moreover, I would point out that it is almost 2 years now since the 1980 census was taken and the Census Bureau has yet to come forth with the wealth of data it earlier had promised.

MEANING FOR BANKING

Making sound decisions and developing effective policies in business depends on having timely, relevant, and reliable statistics.

In my own industry, cutting back on the availability, coverage, or frequency of Federal economic statistics, or in any way lessening their dependability as a consequence of reduced Government funding, would materially impair our ability to analyze and anticipate economic and financial changes and to detect underlying trends.

Not only would this make the task more difficult in appraising the course of interest rates, foreign exchange rates, and bank borrowing, and other financing demands, but it would heighten the risk involved in making credit judgments and investment decisions and could complicate the bank's funding problems.

Speaking more generally, the volatility of financial markets, the money, bond and stock markets alike, which already pose a problem, could well be increased if it becomes more difficult for money managers, investors, and other market participants to interpret economic conditions and to discern trends because of the lack of reliable statistics.

As important as would be the impact of cuts in Federal economic statistics on business planning and decisionmaking, however, is the effect they could have on Government policy and the development of legislation by the Congress.

Both monetary and fiscal policy are particularly dependent on appropriate assessments of the present state of the economy and financial markets and of prospective developments in these areas.

Misjudging the economic situation, as occurred in the exaggerated assessment of the resiliency of business activity last summer, in the underestimation of the economy's recuperative powers after the 1980 recession and, going farther back, in being complacent about the condition of business inventories on the eve of the 1974-75 recession, can result in disruptive and at times painful shifts in fiscal or monetary policy.

These, in turn, tend to unsettle financial markets and add to the volatility of interest rates which ultimately affects the real economy, production, and employment.

Indeed, the price paid for inadequate Federal statistics in terms of misguided Government economic policy can be far greater even than that in the private sector.

SOME SUGGESTIONS

Besides urging that they be exempt from further budget cuts, there are two additional comments I would like to make with regard to Federal statistics programs.

One, is to advocate that a centralized and coordinated approach be adopted for evaluating proposed changes in Federal statistical programs.

When cuts are made, they should be made more systematically and with a view to the overall effects on both private-sector users and on Government economic policymakers, rather than having each individual Federal agency make decisions based solely on its own budget considerations.

To be more to the point, I would favor returning to the Office of Management and Budget the full oversight responsibility for Federal statistical programs that it had some 10 years ago under the late Julius Shisken, former Deputy Director of OMB.

My final comment is to suggest that subscription charges for the various Federal statistical publications be increased. Or where they are provided free, a charge should be levied to help offset the cost of compiling and publishing the data.

I have in mind here several well-known publications such as the Survey of Current Business and Business Conditions Digest published by the Department of Commerce, and the Monthly Labor Review published by the Department of Labor.

The Federal statistics contained in these publications are sufficiently important to our decisionmaking and planning that we would be only too willing to pay more to receive them, if the alternative is to see the statistics eliminated or made available less frequently, or if their reliability is subject to question.

Consideration might also be given to charging a fee for Government press releases for economic statistics and perhaps for the bulk use of Federal statistics.

In any event, this is no time to cut back on the availability of Federal economic statistics or downgrade their quality.

STATEMENT OF JOHN CASSON

Mr. CASSON. I don't have a doctorate. I only have two master's degrees.

Mr. Chairman and distinguished members, my name is John J. Casson and I am a vice president in the office of strategic planning and the chief economist of American Express Co.

I appreciate the opportunity to discuss the deteriorating quality, quantity, and utility of Federal statistics.

This is a matter of concern to me because of its adverse consequences for the decisions of business organizations, as well as for the conduct of fiscal and monetary policies.

The statistics that now emanate from Washington were designed to measure the condition of an economic system that no longer exists. This is the result of the failure to update Federal statistical programs to reflect the major transformations that have occurred within the Nation's economic system.

The economy of the United States is changing continuously because of a variety of forces. They include such diverse factors as technological advances, Government actions, business decisions, fashion changes, energy prices, demographic trends, and events abroad.

Unfortunately, revisions to the Nation's statistics in response to economic transformations have been infrequent and often inadequate. Thus, as each day passes, our knowledge of the economy's condition diminishes.

This situation creates serious problems for analysts and decisionmakers in business organizations and Government. If current efforts to eliminate several existing and proposed statistical programs succeed, Federal data will present an even more inaccurate picture of economic conditions than they do at the present. This will increase the likelihood of business and Government decisions based on erroneous information.

Federal economic reports and ancient maps have a common feature: both contain substantial areas that are uncharted and unexplored.

Many important sectors not detailed in the statistical tabulations were nonexistent or infant industries when many of the data were first developed. Since then, these sectors have expanded rapidly and include many high technology and service industries.

These are among the areas of economic activity with the highest rates of growth and they will be generating the most rapid increases in employment, export earnings, and Federal tax receipts in the years ahead.

Revisions to the standard industrial classifications planned by the Department of Commerce would have made an important contribution toward filling many statistical voids. Unfortunately, this project has been canceled.

Changes in the SEC codes would have fostered the updating of statistical programs to reflect significant economic transformations that have occurred in recent years. These changes also would have insured the comparability of the data issued by all Federal agencies.

Included among them were revisions to reflect changes in the banking laws, an especially useful step in view of the revolution sweeping the financial services industry.

Sectors of the economy that would have been covered under the proposed classifications include printed circuit boards, management consulting services, health reinsurance, oil shale and sands, investment advisers, roofing, siding and insulation, cable television, and plastic bottles.

Statistical information about these industry groups could have been utilized for a variety of business purposes including market research, strategic planning, competitive monitoring, acquisition studies, and security analysis.

Other new statistical programs have been proposed to help fill gaps in our knowledge of the service sector. The fraction of our economic data relating to this segment of the economy is so small that one would think business services played a very minor role in our Nation's economic system.

Instead, service industries account for over one-half of our gross national product.

The Bureau of Industrial Economics, [BIE] of the Department of Commerce, recognizing the service sector's importance and neglect, requested funds to increase its analyses and expertise in this area.

The BIE's proposal noted that:

> Employment in the service industries greatly exceeds that in manufacturing and most new jobs created are in the service sector. However, data and analysis for this very prominent sector are extremely underdeveloped.
>
> The requested resources would be used to: examine the contributions of selected service industries to overall inflation; improve and expand data and analysis pertaining to service industry productivity; support departmental initiatives with respect to export development and international trade policy relating to service industries; analyze the effects of government actions and policies on the domestic service industries; and support departmental programs aimed at the development of minority and small business where the service sector is particularly important.

Unfortunately, funds for this project were cut from the budget.

Many of the recently implemented and threatened cutbacks in Federal statistical programs are of concern to business organizations because they will severely limit the information on which a wide variety of their tactical and strategic decisions are based:

For example, a reduction in the size of the sample used to prepare the Federal Trade Commission's quarterly financial report will limit its value to lending institutions evaluating the financial viability of business organizations.

The cancellation of the 1982 national travel survey by the Census Bureau will greatly hamper future efforts by the travel and hospitality industries to effectively target their advertising and promotional campaigns.

Delays in processing farm income statistics compiled by the Department of Agriculture will impede short-term sales forecasting and production scheduling by agricultural equipment manufacturers.

The termination of plans by the Department of Commerce to improve its expertise in the service industries will hamper efforts to focus Government attention on barriers to international trade in services.

Severe curtailments in the sample size used for the wholesale trade report of the Census Bureau and the industry detail that it provides will hinder the market analysis and planning efforts of many corporations.

The elimination of State and metropolitan data from the Census Bureau's annual survey of manufacturers will inhibit efforts of regional development agencies to devise programs to attract new industries.

Substantial delays in reporting the results of the 1980 census have forced many retailers to postpone their expansion plans; further delays could result in retailers risking entry into new markets based on outmoded information.

Weaknesses in our statistics are an impediment to corporate and Government efforts to achieve one of the Nation's principal economic objectives, an improvement in productivity.

Insufficient statistical information about output and input prevents the development of accurate productivity measures for many key industries.

Similar problems are encountered within business organizations.

The majority of firms have accurate measures of their input and output denominated in terms of current dollars. These figures can only be used to develop meaningful measures of productivity if they are converted into constant dollar or "real" terms.

In many instances omissions in the price indices make this impossible.

The costs to companies of a multitude of tangible products, including pushbrooms, swivel office chairs, and even tom turkeys, are provided by the producer price indices.

Unfortunately, this statistical series does not contain information about the prices charged for many of the services purchased by business organizations, including the charges of computer timesharing vendors, legal firms, and advertising media. This hampers the productivity measurement efforts of many firms.

Any savings that result from the elimination of existing and proposed statistical programs will represent a false economy. The cost savings will account for only a small fraction of the budgets of the Federal agencies involved in the collection and dissemination of data.

Any near-term savings will be more than offset by the substantial longer term costs that will result from cutbacks in Federal statistical programs.

Much of the data series being eliminated in the scramble to cut nondefense Federal spending will have to be restored at a later date.

The expense of their reestablishment will be substantially greater than the amount saved by their elimination. Staffs will have to be assembled, trained, and given time to acquire expertise before the statistics can be released.

Sampling, data collection, estimation, tabulation, and reporting procedures will have to be developed.

Finally, the effects of inflation will add further to program restoration costs.

Because of reductions in the quality and quantity of economic data, economists, planners, market researchers, financial analysts, and the many others in business organizations that employ such statistics could inadvertently prepare inaccurate analyses and forecasts.

Erroneous conclusions and recommendations could result and this could lead to specious business decisions. Such a chain of events could have catastrophic consequences for business organizations. These could include reduced revenues because of poor marketing moves and higher costs caused by wasteful actions.

These could bring about a weakening of the firm's position in world markets, lower earnings, and dividends to shareholders, the discharge of idle employees, curtailed purchases from the firm's suppliers and diminished Federal receipts from corporate and personal taxes.

Any further decline in the quality and quantity of Federal statistics would have destabilizing effects on business conditions.

Business and consumer uncertainty about the current state and future direction of the economy would mount because of the diminished reliability of Federal data.

In addition, errors in preliminary reports would cause revisions of previously released data to become more pronounced.

Such a decline in the credibility and increase in the volatility of economic statistics would have unsettling effects on business activity and the financial markets by distorting personal consumption and capital spending decisions.

A deterioration in the value of economic information could lead to mistaken conclusions about the current condition and future course of the economy. This could result in erroneous business decisions as well as disruptive fiscal and monetary policy moves.

There have been two conspicuous examples of the adverse consequences of inaccurate economic data in recent years. One was the underestimation of the rate of inventory accumulation in 1973 and 1974. This resulted in economists in business and government being unaware of this warning of the impending 1973–75 recession. The other was the serious underreporting of the level of business fixed investment between 1977 and 1979.

This erroneous information influenced deliberations in the private and public sector about the need for policy incentives to stimulate capital spending.

Cutbacks in some Federal programs are already impairing the quality of the single most important statistical series, the national income and product accounts.

As Dr. Courtenay Slater, former Chief Economist of the Department of Commerce, observed:

> The combination of inflation, tight budgets, personnel ceilings, requirements for reporting burden reduction, and the near demise of the statistical policy coordination function poses a real threat to the accuracy, timeliness, and completeness of the GNP accounts.

These statistics are especially vulnerable to budget reductions because they are drawn, in large part, from a considerable amount of data collected from a multitude of sources.

Because of the importance of the national income and product accounts to business and government decisionmakers, any weakening of these statistics could have adverse consequences for all segments of our economic system.

Thus, a million dollars saved today through short-sighted reductions in the budgets for statistical programs could lead to erroneous decisions that would cost the private and public sectors billions of dollars over the long run.

It appears that many of the cutbacks to existing and proposed Federal statistical programs would not have been made had it not been for economic forecasting and policy errors that have caused projected Federal budget deficits to be substantially higher than initially anticipated.

Ironically, these cutbacks could cause even greater forecasting and policy errors in the future. Five steps could be taken toward preventing this from happening.

First, important informational gaps should be filled as quickly as possible. Existing and planned statistical programs that would provide measures for the service and high technology industries that will be the engines of expansion in tomorrow's economy should not be eliminated.

Instead, the Federal Government should be insuring that sufficient data about these important sectors of the economy are available.

This information will facilitate the establishment of government policies to encourage their expansion and contribute to an improvement in business decisions within these industries.

Second, if it is essential that some existing and proposed Federal statistical programs be eliminated, priorities should be established to insure that only the least valuable data are lost.

This would require that the importance of information be given greater weight in deliberations than the cost savings that would result from its elimination.

A review committee could be established for this purpose. Its members could include representatives of the administration, the Congress, reporting agencies and a cross-section of nongovernmental users of Federal statistics.

Such an approach to prioritizing data requirements will assist private and public sector organizations in obtaining the information they need to make decisions. This should help insure a sound economy in the future.

Third, a simple procedure could be introduced to increase the funds for and reduce the cost of the statistical programs of every Federal agency .

Individuals and organizations could be required to pay an equitable charge for each of the statistical releases and reports they receive. This would entail imposing fees for the first time on some publications and increasing the price of others.

Charges could be based on: One, a full recovery of printing, addressing, mailing, and related costs and, two, a partial recovery of the cost of compiling, analyzing, and reporting data.

This would produce substantial cost savings by eliminating mailings to people requesting publications simply because they are free. It also would require individuals and organizations to help defray a significant portion of the cost of Federal statistical programs that they utilize.

Fourth, a single agency should be established to control and coordinate Federal statistical programs. Its primary responsiblity should be to insure that steps are taken to improve the quality and timeliness of data and to shrink rather than enlarge the already huge gaps in our knowledge of the U.S. economic system.

One approach would be to follow the recommendation of Nobel memorial prize winner Dr. Wassily Leontief and establish a central statistical office within the Federal Government .

It would serve as the sole collection and dissemination point for economic, demographic, industrial, technological, and other information and coordinate the activities of different reporting agencies.

An alternative approach would be to follow the recommendation of the Bonnen committee and create a separate Office of Statistical Policy within the Executive Office of the President.

Either approach could produce significant efficiencies in the collection and dissemination of Federal data.

Finally, Congress could strengthen its oversight function. A periodic review of Federal statistical programs could help insure the quality, timeliness and comprehensiveness of the data.

Studies could be commissioned to explore the efficiencies that could be achieved in the collection, analysis and dissemination of information and determine what human, computer and other resources are needed to strengthen statistical programs.

Legislation could be recommended to facilitate cooperation among agencies, to improve the accessibility and utilization of data within the Federal Government, and to establish equitable user charges for Federal statistical information.

Thank you for your attention and the opportunity to present my views. I would be pleased to answer any of your questions.

Mr. Garcia. Thank you, sir. We will take a 5-minute recess.

[Recess.]

Mr. Garcia. You may proceed, Mr. Roberts.

STATEMENT OF DR. MARKLEY ROBERTS

Mr. Roberts. Mr. Chairman, my name is Markley Roberts. I am an economist for the AFL–CIO. We have a wide range of interests.

I am focusing particularly on the Labor Department and the Bureau of Labor Statistics. We are deeply concerned about a whole range of substantive programs and, as you know, many of these programs are concerned with deployment and training, health and human services, occupational health and safety and so on being dismantled and weakened through their budgets.

This includes not only the Labor Department, but Health and Human Services and other agencies that are concerned with people and human welfare issues.

Unfortunately the huge budget cuts in the statistical series that measure economic welfare and social welfare are going to make it even more difficult to document the adverse impact of these budget cuts.

In a recession we may be getting into worse and worse conditions without really knowing just where we are. We are concerned about the Consumer Price Index, substantive changes there, but even more serious the problems that budgetary cuts are having on the current population survey, programs involved with family living costs, wages, collective bargaining and it is getting harder and harder to understand the impact of inflation. I think one of the things that concerns us and I think should concern the Congress is that to the extent that you don't have good information in the area of collective bargaining and labor management relations there is going to be a negative effect on industrial fees.

Labor management relations, I think, are going to suffer because of the increasing lack of adequate information as an agreed basis for discussion. This information is used not only by the parties bargaining, labor and management, employers and unions, but also by third parties, arbitraters, mediators, academic people. Programs we are particularly concerned about that have been cut or drastically reduced are employer compensation studies where there is no other reliable data on employer expenditures for fringe benefits other than what the BLS does; we are concerned about wage surveys by area and industry. These are used in a wide variety of industries and also in programs that exist by law. For example, the Service Contract Act and various other Federal statutes.

We want to see restoration of funds for wage surveys, collective bargaining agreements, collection and analysis, employer compensation and wage chronologies. Again these things all sound like minor and trivial, each one individually, but they add up to a lot of very useful information used in collective bargaining.

There have been already program cuts in the Office of Wage and Industrial Relations in the Bureau of Labor Statistics. In recent years we have lost the following tools to collective bargaining. The Digest of Selected Health Insurance Plans, the Digest of Selected Pension Plans, wage chronologies, studies of compensation, collective bargaining agreements and other programs are now being eliminated, programs which give information on State and local government settlements, union wage rates in building and construction trades and local transit, printing and other industries.

We are particularly concerned about the administration proposal to kill the family service budget program, Office of Prices and Living Conditions. These family budgets tell a great deal about the impact of inflation on workers. They are unique in providing estimates of living costs for workers' families. Already because of the budgetary situation at BLS, the basic data for the family budgets are very much out of date, but we believe they should be at least maintained in their current form and duplicated on this regular basis until adequate resources can be put in for a more thorough and fundamental revision.

So we have been urging that a family budget program should continue.

I think you have already alluded, Mr. Chairman, to the need for more and better area unemployment statistics. This is one of the recommendations of the Levitan National Commission on Employment and Unemployment Statistics, and I think with the—both in terms of targeting programs in this recession period, we need to have good local area employment and unemployment statistics so that we can focus, pinpoint, and target the programs we have to the areas where they are needed the most.

Another point I want to call to your attention, Mr. Chairman, is the need for continuation and the corporate monitoring systems for which BLS has the responsibility. There are statutory mandates, and also in this kind of collection of data and analysis, it is just absolutely essential.

As we are expanding the proportion of our GNP that is related to international trade, there is no other adequate work being done in this field by any other Government agency. Not the Commerce

Department, the Bureau of International Trade or any other agency. So we clearly need information on this for making sound public policy in the area of trade adjustment and in our basic international trade policy.

You raised a question earlier, Mr. Chairman, about how long it is going to take to recoop from the current budget cuts. I think it is a valid question. I don't think there is any good hard answer that could be given to you, but I would say it is going to take us at least 5 to 8 years to come back to where we were 2 years ago on our statistical series in BLS. I think we are in danger of pushing our statistical base back very, very seriously and it is going to take a long time. In fact, I think it wouldn't be excessive to say it will take us 10 years to recoop and get back to an adequate situation in terms of the programs that BLS has historically maintained and it has done up until the last 2 years.

Again, I don't want to say this in a partisan spirit because we had our problems with the Carter administration. We are not making a partisan issue of this. I think it is basic information.

Two other points I would like to add here briefly. One is that we have always been, in the labor movement, very distrustful of the idea of a single statistical agency. I know you are familiar with some of the background and controversy on this. Obviously we want to have the maximum amount of coordination so that we do not have duplication and waste of Federal funds.

But also, I think we have all got to bear in mind there is a danger of centralizing and focusing too much power over the Federal statistical system.

Now I am not going to pursue that subject because it is a rather complex one, but I do want to reiterate our long standing concern and fear and opposition to a single statistical agency in a rather unitary, pyramid fashion which would eliminate what we see as a kind of healthy diversity.

The fact is, in complaints about overlapping and duplicating systems, there is some validity to that and yet at the same time I think an even more important point that needs to be made is that there are a lot of different purposes, different series serving different purposes and sometimes as in, say, the employment data, you have payroll data and the data from the current populations. Sometimes these things move in different directions and sometimes it is useful to know why you have different series of statistics saying different things.

I suggest it is good to avoid simple answers about wiping out all the statistical series that seem to be duplicating. I think it is a lot more complex as a problem than would be suggested by maybe saying we have just got to cut down everything and eliminate duplication.

I will stop there.

[The statement of Mr. Roberts follows:]

STATEMENT OF MARKLEY ROBERTS, ECONOMIST, AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS, TO THE HOUSE BANKING SUBCOMMITTEE ON CENSUS AND POPULATION ON THE IMPACT OF BUDGET CUTS ON FEDERAL STATISTICAL SERVICES

March 16, 1982

Mr. Chairman, my name is Markley Roberts, I am an economist for the AFL-CIO and I am chairman of the Labor Research Advisory Council of the Bureau of Labor Statistics. I appreciate this opportunity to present some of the very serious concerns of the AFL-CIO about the impact of existing and proposed budget cuts on federal statistical services.

We appreciate your attention to this problem, Mr. Chairman, both in conducting these hearings and in your comments on the House floor on February 9 about the cuts last year in the Bureau of Labor Statistics budget. We appreciate your efforts to call attention to the 16 BLS programs which have been reduced or eliminated as a result of drastic reductions in the BLS budget.

Unfortunately, the Administration's fiscal 1983 budget proposal of the $120 million for BLS continues to perpetuate serious underfunding and elimination of important BLS statistical series.

The AFL-CIO is deeply concerned with the overall wholesale dismantling of manpower programs, training programs, and general worker protection and worker support activities in the Department of Labor, as well as social programs of other federal departments and agencies. Those huge budget cuts eliminate and undermine many basic programs. Now many relatively small-budget statistical series that measure economic welfare are being cut so that it will be even more difficult to document the adverse impact of these cuts.

American workers have an obvious interest in good statistics on employment and unemployment, on wages and collective bargaining, on prices and living conditions, on productivity, technology, and growth, on foreign labor and trade, on the impact of imports on U.S. employment, and on occupational safety and health.

We know that good, sound economic policy and good, sound social policy depend on good, sound statistics. This is true even in the best of times. Now, when the nation is slipping further into a massive economic recession, it is even more important than ever to have good, sound labor statistics which are accurate, reliable, consistent, credible, and conceptually valid. Without such statistics, we won't know where we are and we won't know where we are going.

Consumer Price Index

Unfortunately, at this time of economic storm and stress, the Reagan Administration through substantive changes in the Consumer Price index and through budgetary starvation of important family living cost and wage and collective bargaining programs of the Bureau of Labor Statistics is seriously weakening the nation's ability to understand inflation and thus to deal with inflation and is destroying the information base used by labor and management in collective bargaining.

On October 27, 1981, the Commissioner of Labor Statistics announced revisons of the Consumer Price Index.

Briefly, the proposal is to drop the present measure of homeownership costs in the CPI, covering home purchase prices, mortgage interest costs, property taxes, insurance, maintenance and repairs. A "rental equivalence" measure will be substituted in its place. The revision is to go into effect in January 1983 for CPI-U and January 1985 for CPI-W.

In our view the move is a backward one. The United States is the largest nation of homeowners in the world. But now the index is going to say that all these houses are rented.

We oppose rental equivalence in principle. In no case should it be adopted without full resolution of the measurement problems that we and others have pointed out. We urge that work be devoted to the technical improvement of the present homeownership index, and we strongly support the development of a special index for the aged, retired beneficiary population.

Wages and Collective Bargaining

Over the past two years budget cuts have fallen particularly hard on the Office of Wages and Industrial Relations in the Bureau of Labor Statistics. Many of the statistical series prepared in this office of the BLS are basic to intelligent collective bargaining. To the parties at the collective bargaining table, these data are essential. Because they are reliable and credible, based on past experience, data from another source would not be viewed as acceptable to the parties.

The information is not available to the labor side of the collective bargaining process at any price. On the other hand, management, through industry and community associations, is able to exchange current wage and benefit data. Thus, although both sides of the bargaining relationship will feel the loss of the BLS collective bargaining data, the budget cuts will fall unevenly on the workers' representatives.

BLS's role in supplying collective bargaining information is set forth in Section 211(b) of the Taft-Hartley Act:

> "The Bureau of Labor Statistics in the Department of Labor is authorized to furnish upon request of the Service, or employers, employees, or their representatives, all available data and factual information which may aid in the settlement of any labor dispute, except that no specific information submitted in confidence shall be disclosed."

The BLS statistical data are not only used by the parties in the collective bargaining table, but also they are used by independent fact-finders. The Federal Mediation and Conciliation Service and arbitrators seeking to find resolutions to disputes rely heavily on these data sources. In short, dispute resolution at the bargaining table and through third party intervention will probably be severely injured by these budget cuts. This in turn could be more costly to our entire society as a result of more serious labor-management conflict than any short-term gains realized from budget cuts.

The programs that must be restored which have been cut or reduced in the last two rounds of budget cuts including the following:

. Employer Compensation Studies are the only reliable data available on employer disbursements for wages and fringes. These data are used by private negotiators and policymakers assessing the percentage of fringe benefits to total compensation. They are also used by academics in studying wage and fringe benefit trends and they are fundamental to wage and benefit determinations under the Service Contract Act. There is no other reliable data on employer expenditures for fringe benefits.

. Wage Surveys by area and industry are used not only by those at the bargaining table but also in connection with prevailing wage laws. The Service Contract Act wage determinations are in part based on BLS area wage studies.

Industry wage studies, are essential to the negotiations in a wide variety of industries, including, the printing, transit, needle, retail food, and others. The study of Union Wage Rates for Building Trades and others, a continuous series since 1910, has provided the only public data on the many different union contracts that exist in these industries. It provides both inter-area and inter-union comparisons. This series has survived numerous Democratic and Republican Administrations, two World Wars, numerous recessions, and the Great Depression. There is no other comparable data available concerning wage rates and benefit costs available to industrial site planners, architects, and collective bargaining representatives.

The AFL-CIO strongly urges that Congress restore $4 million to the BLS budget to make sure that BLS continues to produce wage surveys, collective bargaining agreement data collection and analysis, employer compensation studies, and wage chronologies.

. Collective Bargaining Agreement files have been the source of all public records and analysis of collective bargaining terms and conditions. The proposed budget cuts would severely limit the filing of contracts to those covering 5,000 workers or more and would discontinue the analysis of the remaining agreements. The Taft-Hartley Act (Sec. 211(a)) requires the filing of contracts without regard to the size of the work force covered. The analysis of collective bargaining agreements has been used by policymakers concerned with civil rights issues, plant relocation, and other matters of public interest. Other analyses, known as the 1425 Bulletins, are useful to the Federal Mediation and Conciliation Service and to the parties at the collective bargaining tables seeking ways through the horns of many specific collective bargaining dilemmas.

. Wage Chronologies analyze and report the collective bargaining trends in various industries. The chronologies are used at the bargaining table by those who negotiate with employers that compare long term trends with a particular industry. For example, the auto wage chronology would be used by negotiators in other industries to determine relative positions. Although the parties in these other negotiations may not be leaders, they cannot afford to get out of line with the industry or labor market.

Labor representatives have often objected to the continuing program cuts inflicted on the Wages and Industrial Relations Office of the Bureau of Labor Statistics. In recent years, those of us representing the interest of workers have lost the following tools necessary to collective bargaining: (a) the Digest of Selected Health and Insurance Plans, (b) the Digest of Selected Pension Plans, (c) wage chronologies, (d) studies of employer compensation, (e) BLS retention of collective bargaining agreements covering less than 1,000 workers. Also the following programs are being eliminated: (a) negotiated settlements in state and local governments; (b) the study of union wage rates for building and construction trades, local transit, printing, and grocery stores.

Some of these programs being dropped are more than 70 years old. They have been continued through recessions and depressions because they are needed. The data is needed by academics, public officials, and industrial planners, as well as practitioners at the collective bargaining table. The loss of these programs will affect many but will fall particularly hard on labor representatives. Management has the ability to acquire wage data from other employers and labor agreements. Labor, on the other hand, does not have access to employer wage data and in most cases cannot obtain it. Thus, the cuts in these programs are not only an abrogation of Bureau of Labor Statistics' duty and responsibility to collect data on labor activities and to assist the working people of this country, it knowingly affects the ability of workers to represent their interests and is, therefore, anti-labor.

Family Budgets

The AFL-CIO opposes the Reagan Administration proposal to kill the "family budget" program of the Office of Prices and Living Conditions in the Bureau of Labor Statistics. These "family budgets" tell a great deal about the impact of inflation on workers and their families.

The urban family budget series had its beginning in 1945 when the Congress wanted to know "what it costs a worker's family to live in the large cities in The United States." It shows in dollars and cents the total living costs of worker families at three living standards:

(1) an "Intermediate" (a "modest but adequate" level),

(2) a Lower Standard (minimum adequate), and

(3) a Higher Standard (a full American standard).

The Budgets are unique in supplying the only available estimates of living costs for a worker's family, as against welfare living levels represented by the "poverty line." They are also the one set of estimates that spell out the specific items and costs that make up total living expenses, including federal, state and local income taxes and social security payments. They are currently provided for 25 different cities and for nonmetropolitan areas in four regions, showing how living costs differ in different parts of the country. (There are no other inter-area estimates of living cost differences.)

The Budgets have had many uses in both the private and public sectors. These range from family support needs in alimony cases to evaluation of family income for college scholarships. They are widely used in collective bargaining as a reference point for income needs of workers. The Secretary of Labor is mandated by Section 312(d) of The Comprehensive Employment and Training Act to "develop methods to establish and maintain more comprehensive household budget data at different levels of living, including a level of adequacy, to reflect the differences of household living costs in regions and localities, both urban and rural." The Family Budgets have heretofore had specific use in CETA and in The Federal Energy Assistance Act.

The basic data for the Budgets are very much out of date, but the series should be at least maintained in their current form until adequate resources can be allocated for their revision.

Therefore, the AFL-CIO strongly urges that Congress restore approximately $400,000 to the BLS budget for this important program.

Area Unemployment Statistics

The growing recession highlights the need for adequate data on the differential effects of the recession on states and areas. Additional information on area employment and unemployment was a major recommendation of the recent National Commission on Employment and Unemployment Statistics. These data are needed for effective pinpointed anti-recession programs.

Import Monitoring

At the meeting of the Labor Research Advisory Committee on Foreign Trade and Labor on May 20, 1981, we were surprised to learn that the BLS was considering the discontinuance of its import monitoring system for budget reasons. The labor union representatives agreed that the monitoring system should be maintained, improved and expanded. Both statutory mandates and modern economic analysis require such expansion. The Trade Act of 1974, Section 282 reads:

> "The Secretary of Commerce and the Secretary of Labor shall establish and maintain a program to monitor imports of articles into the United States which will reflect changes in the volume of such imports, the relation of such imports to changes in domestic industries producing articles like or directly competitive with such imports, and the extent to which such changes in production and employment are concentrated in specific geographic regions of the United States. A summary of the information gathered under this section shall be published regularly and provided to the Adjustment Assistance Coordinating Committee, the International Trade Commission, and to the Congress."

Many other statutes require information about the impact of imports on U.S. output and employment. Now that international trade has become an enormous part of the domestic economy, it is especially urgent that adequate information be collected on the effects of imports on employment.

For many years the labor union representatives have urged an improvement in the series and have made many suggestions concerning the need for the U.S. to carry out the intent of the law.

In conclusion, Mr. Chairman, I wish to express again to you our concern about the continuing need for good, sound labor statistics which are accurate, reliable, consistent, credible, and conceptually valid. In short, the formation of sound public policy depends on the existence of such statistics, and therefore, the nation's basic labor and social statistics must be adequately funded. Thank you.

Mr. GARCIA. I would appreciate it, if you would be kind enough, to put your thoughts down on paper with regard to our last statement. It would be helpful. It seems to me there is conflict between what you have just finished saying and what the Mayor representing the Conference of mayors stated about data coming in from any number of courses and everybody claims that their sources are accurate.

There is a need for centralized data collection to eliminate some of those problems. Being as pro labor as I am, I would appreciate getting your point of view. I think it would be essential. The tendency today seems to be more toward centralization, giving the Bureau of the Census and the Bureau of Labor Statistics and the Consumer Price Index and all of those agencies the support that they need to make sure that the data they get is accurate and is up to date.

Thank you.

The committee has received a biography of Dr. James F. Smith which, without objection, will be included in the record after his statement.

Mr. Smith, you may proceed.

STATEMENT OF JAMES F. SMITH

Mr. SMITH. Mr. Chairman, I am Jim Smith, the chief economist for Union Carbide Corp. in Danbury, Conn.

I believe I am one of the few people on these panels who is not only a statistics user but who has also been a statistics generator for the Federal Government as well as an adviser for the statistics gathering activities of the National Commission on Consumer Finance in the early 1970's.

Union Carbide Corp. is among the 30 largest industrial companies in the United States, with sales in 1981 of slightly over $10 billion. Our major lines of business include commodity and specialty chemicals and plastics, industrial gases, carbon products, electronics, metal mining and milling, and a line of consumer products.

We are a major multinational company with about one-third of our sales coming from international operations. The company employs over 100,000 people, operates about 500 plants, mines, and mills in 38 countries and has more than 150,000 shareholders.

As may be evident from the above brief description of the different businesses in which Union Carbide Corp. engages, we are very heavy users of Federal statistics. We use Census Bureau data from the decennial censuses, from the Census of Manufacturing, and from such regular ongoing programs as the monthly reports on retail trade and on personal income. We use information from the Bureau of Economic Analysis relating to the National Income and Product Accounts. We rely on the Bureau of Labor Statistics for the Consumer and Producer Price Indexes and for data on employment and the labor force. We use U.S. Treasury data on Federal revenues and international trade flows.

We use the industrial production indexes, consumer credit data, and monetary aggregate data from the Board of Governors of the Federal Reserve System. We use mining data from the Department of the Interior and energy data from the Energy Information Administration.

We also use data produced by the International Monetary Fund, the Organization for Economic Cooperation and Development, and the United Nations.

Furthermore, we use publicly available data on the United States produced by such non-Federal Government organizations as The Conference Board, the Institute for Social Research of the University of Michigan, the Dun & Bradstreet Corp., TRW, Inc., the National Federation of Independent Business, and the Wharton School of the University of Pennsylvania.

While this may seem like a long list of data sources, I can assure you that it is only a partial listing. It would take several weeks to survey all of the statistics users in our various operations to develop a comprehensive list.

Union Carbide Corp. has a long history of cooperation with the statistical data gathering operations of the Federal Government. In the early 1970's we cooperated with one Federal statistical agency by letting them develop a complete set of input-output tables for the U.S. economy using one of our large computers and our software systems.

We charged only for the computer time actually used and the charge was at our normal internal rate. The results of the cooperation were that the taxpayers saved a good deal of money and that the information was made available to the public a year or two earlier than would otherwise have been the case.

This bit of history leads directly to an important point that I hope is of concern to your committee. This point is, "Are there incentives to collect statistics at the least cost?"

To me, this point is far more important than any concern that some people may have about the potential impact of budget cuts on the quality and quantity of Federal statistics. This would definitely appear to be a subject this committee may want to consider as the topic for a future oversight hearing.

One way to create such an incentive might be to change the Federal budget system so that there was one grand total amount appropriated for Federal statistical data collection and publication. Coupled with this might be a requirement that each statistic generating ageny be required to survey the users of its data and ask them to prove why the data bank are needed and why they should be collected by the Government rather than by a trade association, university, or other private sector organization.

Such a survey might also explore the willingness of data users to pay a fee for these data. There is some indication that many data series generated by the Federal Government are of considerable value and from the fact that major economic consulting firms earn a large proportion of their income from subscribers using their services as a means of accessing Government-produced statistics.

There are undoubtedly many ways in which the total costs of collecting and disseminating Federal statistics could be reduced without impairing the quality of the data. One very useful idea might be for this committee to spearhead a review of the wide variety of statistical data that must be collected under a specific legislative mandate. Many of these requirements may have once had a good reason to exist, but are no longer necessary. Most data gathering agencies complain that large parts of their budgets are used up by collecting such mandated statistics, leaving them short of funds to collect and analyze more useful data. This is not just a recent problem, as shown by the following statute that was passed in 1937:

> The Director of the Bureau of Census is authorized and directed to collect and publish statistics concerning the number of squares of red-cedar shingles produced in shingle manufacturing establishments in the United States; the quantity of Canadian produced red-cedar shingles stored in U.S. warehouses and subsequently withdrawn therefrom; and the current imports of red-cedar shingles from Canada * * * The statistics as to the number of shingles * * * shall relate to each calendar month and shall be published as soon as possible after the close of the month. (Act of May 25, 1937, ch. 261, sec. 1, 50 Stat. 204).

Obviously, some individual or group was quite successful in getting the taxpayers to subsidize their market research effort. This is probably a very common problem for the Census Bureau.

Another suggestion with the potential for significantly reducing the cost and improving the quality of Federal statistics is contained in "Arguments for and Against a Decentralized Federal Statistical System" by Joseph W. Duncan and Theodore Clemence, (Statistical Reporter, December 1981, 53–61.

In this article, Duncan and Clemence suggest that one possible consolidation might be that the Bureau of the Census, the Bureau of Economic Analysis, the Bureau of Labor Statistics, the Statistical Reporting Service, the National Center for Health Statistics, the National Center for Education Statistics, and the Statistical Policy Branch of the Office of Management and Budget be combined into a new Federal Statistical Commission. Such a proposal seems worthy of serious consideration.

Incidentally, it is somewhat ironic that this proposal is contained in the final issue of Statistical Reporter. To most observers, it is difficult to understand how the efficiency of statistical data gathering can be enhanced by eliminating an information transmission system among statistical data generators and data users who have common goals of improving the quality of Federal statistics.

Finally, it is difficult for me to understand where much of the concern about budget cuts and statistics is coming from. As I look at the 1983 budget, I see that the budget for the Bureau of the Census is projected to increase from $57.2 million in 1982 to $64.1 million in 1983, while its operating costs are projected to rise from $136.7 million in 1982 to $143.7 million in 1983.

Neither of these figures looks like anything those of us in the private sector would refer to as budget cuts. Similarly, the direct program costs of the Bureau of Economic Analysis are projected to rise from $17.4 million in 1982 to $18.6 million in 1983 and the budget authority of the Bureau of Labor Statistics is requested at $120 million in 1983, up from $103.9 million in 1982.

In fact, my examination of the 1983 budget suggests that the only major cut in the statistical area is a reduction from $78.9 million in 1982 to $54.5 million in 1983 for the Energy Information Administration. Since much of this data collection effort related to regulatory functions such as the entitlements program that no longer exist, it is not surprising that their budget is being reduced.

In conclusion, I hope that your committee will insure that the Federal Government continues to produce high quality statistics in a timely manner. I also hope you will exert pressure for this to be done at the lowest possible cost.

Thank you for inviting me to appear before you today. I am happy to answer any questions about the material I have discussed.

Mr. **Garcia**. Thank you, Mr. Smith.

[The biography of Mr. Smith follows:]

BIOGRAPHY

DR. JAMES F. SMITH

Dr. Smith is Chief Economist for Union Carbide Corporation in Danbury, Connecticut. Until August, 1980 he was Director of Credit Research for Sears, Roebuck and Co., in Chicago. From August, 1975 to January, 1977 he was on leave from Sears serving as a Senior Economist in the Mortgage and Consumer Finance Section of the Division of Research and Statistics of the Board of Governors of the Federal Reserve System in Washington, D. C. While a member of the Board's Staff, he worked on economic analyses of various aspects of consumer credit, including regulations.

He was with Sears, Roebuck and Co. in Chicago for ten years before that where his last position was as Director of Econometric Research in the office of the Vice President-Credit. Prior to joining Sears, he worked as an assistant economist at Republic National Bank and at Texas Bank & Trust Company in Dallas, Texas. He holds B.A., M.A., and Ph.D. degrees from Southern Methodist University, all in Economics. His doctoral dissertation was "The Demand for Consumer Installment Credit Since 1948: A Dynamic Stock Adjustment Approach".

He has been a consultant to the President's Council of Economic Advisers since 1978. During April and May, 1981, he was on leave from Union Carbide serving full-time as a consultant to the Council. In this capacity, his principal responsibility was to formalize the process of developing economic forecasts within the Reagan Administration.

From 1977-1981, he served as a member of the Economic Advisory Board of the United States Secretary of Commerce. He has testified before committees of the U.S. Congress and was a participant in the Congressional Economic Conference held in December, 1980.

He served as a member of the Advisory Committee on Evaluating Market Behavior in Consumer Credit for the National Commission on Consumer Finance in 1971-72. He has worked on large-scale studies of various aspects of the consumer credit market in Arkansas, California, Minnesota, New York, Puerto Rico, Texas, and Washington as well as the total United States.

He is an active member of the National Association of Business Economists and was elected to its Council in 1980. Since its inception in early 1979, he has been a member of the NABE Legislative Review Committee, which evaluates the inflationary impact of all Federal legislation and publishes a report on its results. He is Chairman of the NABE Committee on Forums, Seminars, and Workshops and was the Program Chairman for the 1981 NABE annual meeting.

In 1981 he was elected President of the National Business Economic Issues Council, an association of economists who are actively engaged in developing comprehensive economic forecasts as part of their job responsibilities. He is a member of the editorial review board of the Journal of Retail Banking. He writes the quarterly "Business Outlook", which is distributed widely within the investment community by Union Carbide.

He is a member of several professional associations and has participated in many programs and seminars at professional conferences. Dr. Smith's latest publications are: "Proposals for Reducing the Rate of Inflation in the 1980's", "Consumer Credit in America: Evidence of Financial Soundness" (Sept., 1979), and "The Equal Credit Opportunity Act of 1974: A Cost/Benefit Analysis" (May 1977).

Mr. GARCIA. Mr. Spar.

STATEMENT OF EDWARD SPAR

Mr. SPAR. Mr. Chairman, there are three major issues that I would like to cover in order to show how the budget reductions will affect the users of data in the media, marketing, and sales operations in the private sector. These are: Productivity, timeliness, and accuracy.

I will limit my remarks to data that are produced by the Bureau of the Census, as the Bureau's products are the ones most important to marketers.

The costs of making poor marketing decisions have become more and more expensive. The needs for the marketer to have timely and accurate data have never been greater. Our country's cry for more productivity is valid. But in order to be productive, you need measurements of what is happening in the marketplace in order to develop the proper strategies. Yet data which are critical in measuring markets are, due to these budget cuts, being totally eliminated or reduced. The basic unit of analysis for a manufacturing company is the sales territory. The questions to be answered are:

Is our share of market holding up?

Are we maximizing our product potential?

Are we advertising in the right places?

Are our sales people doing a good job?

Are our sales territories properly aligned?

Are we competitive?

The ability to analyze a market is determined by two crucial factors. First, is there an outlet in which to sell our product and second, where are our customers. The department store is by far the one most important consumer outlet type in the United States. In order to measure territories, one must measure the flow of goods through department stores. Let me cite some examples.

Sales in department stores:

Category: Men's and boys' clothing, 47 percent; women's and girls' clothing, 45 percent; household appliances, 35 percent; footwear, 29 percent; jewelry, 22 percent; furniture, 18 percent.

Overall, 6 cents out of every disposable, after tax, dollar is spent in department stores, over $100 billion a year. The Bureau of the Census has been compiling for 172 metropolitan areas, 45 cities and 8 central business districts monthly sales estimates along with month-to-month and year-to-year trends.

We have been informed that these crucial data for measuring the marketplace will be eliminated. And there is nothing comparable that allows the marketer to not only measure the changes taking place, but also analyze and respond to local market conditions.

To make matters worse, the Bureau will now also cut back on their small area population estimates program. Estimates of the population of cities and towns that were produced annually, are now to be produced every other year. This, coupled with the total elimination of department store sales data quite simply has a very adverse effect upon the ability of the marketer to maximize productivity.

One final point in this area. The Bureau had in the original 1982 budget planned to conduct research into producing two new and exciting series of data that would have been of great benefit to the marketing community. These were: One, household income by county; two, size of household by county.

Due to the need to cut, the Bureau decided to first cut out things that did not exist to begin with. One certainly cannot fault the Bureau in this. But I cannot understand how this pro-business administration could allow this to happen.

The costs to the business community due to a lack of timely data can be difficult to measure. One area where the timing problems caused by these budget cuts can be more easily seen is in the area of broadcasting.

The 1982 Superbowl was watched in 35 million households. It was another of those great opportunities to tell people about shaving cream, razors and automobiles. The chance to tell one's story however, did not come cheap. A 30-second advertisement, indeed, cost the advertiser about $350,000. How did the advertiser know that he or she was reaching the expected number of households? How did they know that they reached their prime target, such as men 18 years of age and older, for example?

Well, obviously the rating services measured it for them. But then, the rating services needed population data with which to project their findings. At levels like this, there is plenty of data around, no matter what happens to the Federal statistical system. Yet superbowls are the exception.

On a day-to-day basis, the scenario is more like this. A Spanish language radio station charging $75 for one-half minute in a medium-sized metropolitan area has a Salsa format in hot competition with a black soul station and an Anglo station with a country/western sound. That Spanish station targets its market specifically to people of Spanish origin 18 to 29 years of age.

The rating services tells them that they have a good share of market yet they don't have a good fix as to how many people this represents. How can this be?

For the first time the Bureau of the Census collected data for all 14.6 million people of Spanish origin. These age data surely exist. However, due to the need for the Bureau of the Census to reorder priorities, we do not, as yet, have this information. One can only speculate as to how much the delays are also caused by a loss in morale.

As a manager, it would be hard for me to believe that the reductions in force have not also contributed to the delivery problems. It is difficult to estimate how much money that Spanish station is losing in revenue due to the fact that they do not have the proper counts. What matters is that the data exist, it has not been tabulated, and someone is losing money unnecessarily.

One might argue that the Bureau really is not that late. Well, I went back to our records for the delivery of the 1970 census. By this time in 1972, we had available age by ethnicity data, income data and much more that we will be lucky to see by the end of 1982. The people at the Bureau are dedicated and hard working. They receive a lot of pressure, especially from the broadcast industry to produce timely and reliable data. The industry has a right to it. That Spanish station has paid for it with its taxes, yet to date they do not have it.

I have heard the following statement a number of times: "What a golden opportunity this is for the private sector—the data venders in particular. They can do the data collection and dissemination themselves—and really clean up."

Nothing could be further from reality. The problems can be reduced to two concepts: resources and credibility. First, resources. The private sector does not have the dollars to collect the data. Even if we pooled our technical resources, we would never match the capabilities of the Bureau in terms of demographic, mathematical and statistical expertise.

Apropros of this however, we recently hired a very capable Census Bureau employee who was not about to be riffed, bumped or some other exotic occurrence. He left due to a feeling that there was no longer a future at the Bureau. I do not believe that he is the only one.

My point being that the present budget cuts may have created an environment where the Bureau will lose much of its technical expertise. Once this is lost to the private sector, it will be very difficult to recreate it. At this time though, we in the private sector still have nothing to compare to the Bureau's abilities. We do not have the resource dollars necessary to collect the data nor the depth of expertise to design, collect and disseminate the data to the Federal, State, local agencies, universities, data centers, private organizations and on and on.

And since the private sector is for profit, the costs to the agencies would be higher, just at a time that they can least afford the data. So a totally self defeating situation would take place. Therefore, the final outcome is that the data would never be collected, much less see the light of day.

Now, let's assume that the best of all possible worlds exist, and the private sector miraculously produced data series that the Bureau has cut out, at a reasonable price. I submit that this would still be inadequate. This is due to the second problem mentioned, namely, "credibility."

No matter how good a job the private sector does in producing demographic and socioeconomic information, the independent current and historical benchmarks from the Bureau are critical. There must be one series of figures that no one will question in terms of independence, integrity, and credibility.

In conclusion, it is not difficult to see where we are headed with these budget cuts. Businesses will simply find it harder and harder to evaluate their markets. To the degree that these evaluations are intrinsic to any given company's plans, this means more mistakes, more dollars wasted, poorer use of resources—or in a nutshell—less productivity. In other words, you can't know how well you are doing unless you know how well you could be doing.

In marketing terms you can't know how well you are doing unless you know how well you could be doing.

Thank you, sir.

Mr. GARCIA. Thank you.

Now we will hear from Mr. Davies.

STATEMENT OF GORDON K. DAVIES

Mr. DAVIES. My name is Gordon Davies, director, State Council of Higher Education, Commonwealth of Virginia, so I think right here we have a break between the private and public sector for the moment.

The council of higher education is the planning and coordinating agency in Virginia for all of higher education. In addition, I am representing my colleagues in the other States today.

My particular area of concern is that series of reports called the Higher Education General Information Survey which is collected by the National Center for Educational Statistics.

These surveys have been proposed, some of them, for discontinuance on what we believe to be the faulty premise that if there is no immediate Federal use in the short range for data, those data should not be collected. Whereas in fact, we believe that there is a considerable and compelling national use for these data, that the Federal Government is the only body which can possibly collect them and that they are essential to the well being of higher education as the States are asked to pick up more and more responsibiity for higher education throughout the Nation.

If I might just give you a few examples of the kind of work we do and the kinds of things we worry about. We are concerned with the salaries in our colleges and universities and we are concerned with comparative data about salaries in other States. We use this information every year to measure our universities against their counterparts around the country to know how they are faring relative to a competitive market. We are concerned with the migration of students. We want to know how many students from New Jersey and New York come to Virginia, we want to know how many students from Virginia go to New York. This is critical information as we determine whether or not to extend reciprocity to other States with our financial aid programs, whether or not to set different levels of tuition and fees for out-of-State students.

We are concerned with the enrollment levels and the population statistics that are collected by the Federal Government because we have long standing concerns with making sure that access is guaranteed to women, to minorities, to the complete spectrum of the social populations in Virginia as well as in the South and in the Nation.

Then we are concerned because we do academic planning and determine what kinds of programs to start, what kinds of majors to start in our colleges and universities, and we use Bureau of Labor statistics information to determine where are the marketplaces, where are the jobs.

In this kind of economy there can be nothing more wasteful than starting computer science programs where there is no need for computer science programs. It happens, obviously, we know there is that need. But this information is absolutely essential to us.

Now, Mr. Chairman, it is argued that in fact if we did not collect these national data, the institutions of higher education would not have the responsibility and the cost of providing these surveys to the Federal Government every year.

In fact, I suggest to you it would be more costly for all of us, State level and institutional level people, if we had to go out and duplicate the systems which have been established over a period of 10 to 15 years now by the Federal Government.

We have written all the computer programs. We know what is expected of us. If we have to go out and design our own systems, like the gentleman to my right, (a) we won't do as complete a job because we won't have the resources to do it and (b) our credibility will be affected severely as we collect the information.

Therefore, it seems to me to be terribly important that the Federal data collection for higher education be continued. We have certainly no problem with any attempts to make the data collection more efficient, to eliminate duplication, but we do believe that it is a proper role of the Federal Government to continue collecting it.

Thank you, sir.

[The statement of Mr. Davies follows:]

TESTIMONY OF DR. GORDON K. DAVIES

DIRECTOR, STATE COUNCIL OF HIGHER EDUCATION
COMMONWEALTH OF VIRGINIA
and
CHAIRMAN, FEDERAL RELATIONS COMMITTEE
STATE HIGHER EDUCATION EXECUTIVE OFFICERS
ASSOCIATION

I am Gordon K. Davies, Director of the State Council of Higher Education of the Commonwealth of Virginia. I appear before you today in my capacity as Chairman of the Federal Relations Committee of the State Higher Education Executives Association (SHEEO), the organization of the agencies of the several states charged with the coordination and oversight of postsecondary education within their boundaries. Because I and my fellow chief state higher education officers are in most cases charged with the development and review of the budgets and program plans of institutions within our states for the purpose of advising the executive branch and the legislature, we are particularly concerned with the preservation of the long-standing role of the Federal Government in providing us with the uniform data necessary to enable us to assess our own performance and in the area of postsecondary education and reasonably plan for the future. Particularly with the emergence of the "New Federalism" and all that may hold in store for the states, the need for a continuing federal role in this area should be patently clear. Indeed, the federal role in this area is quite venerable: the predecessor to the Department of Education, created by Congress in 1867, had as a primary purpose the "collecting of such statistics and facts as shall show the condition and progress of education in the several states and territories..."

This national interest was not couched in terms of the value of such information to the Federal Government, but rather for its use by the states and territories, an attitude consistent with the treatment of education as one of those functions falling within those powers reserved under Article X of the Constitution to the states. This national interest in information on the condition of the educational systems of the states was reaffirmed by the Congress in 1974. The need for a national agency to collect and disseminate information and statistics about the condition of the educational delivery system was in part, the rationale for the establishment of the National Center for Education Statistics (NCES) in 1974. In the enabling legislation for NCES, Congress wrote:

> "The purpose of the Center shall be to collect and disseminate statistics and other data related to education in the United States and in other nations. The Center shall...collect, collate, and from time to time, report full and complete statistics on the conditions of education in the United States; conduct and publish reports on the specialized analyses of the meaning and significance of such statistics;..." (Section 406 (b), General Education Provisions Act, as amended)

There has always been however, a certain degree of ambiguity in the federal/state partnership. In recent years, the context for discussing a variety of issues related to the national versus federal versus state versus institutional interests has become increasingly unclear. Indeed the role of NCES in fostering standard terminology and collecting data for purposes of assessing the national condition of the beyond high school educational delivery system, has been in the national, state and institutional interest. Standard terminology has enhanced inter- and intra-state comparisons and the information collected to assess the national condition has allowed states to examine the state of their own condition in relationship to the national condition. The benefit in the ability to compare and contrast the higher/postsecondary education delivery system at the national, state, and institutional levels, fostered by the standard terminology and common core of data, is clearly in the national interest.

The standard terminology and consistency by which NCES has collected postsecondary data has also assisted in reducing the reporting burden placed upon colleges and universities by other institutions, the states and the federal government. It is true that the solicitation and exchange of information between institutions and states has and will continue to occur. The standard terminology and consistent reporting formats promulgated by NCES through the Higher Education General Information Survey (HEGIS) have brought, however, order to the requests for the exchange of information among and between institutions, states and the federal government. This order and consistency have resulted in an overall reduction of the reporting burden that existed prior to the establishment of NCES when requests for information among and between institutions, states and the federal government lacked the definitional and reporting uniformity necessary to efficiently and effectively collect information about postsecondary education.

For these activities to continue, selected information needs to be collected at the national level. Collecting information at the national level has, however, become increasingly difficult. Recent actions taken by the Federal Education Data Acquisition Council (FEDAC) and by the Office of Management and Budget regarding particular surveys of postsecondary education conducted by NCES have suggested that the immediate federal use and interest in the data being collected must be the predominant consideration when approving the instruments used to collect such data. Thus, an issue of great significance is the delineation of the national interest in the nature and scope of information collected by NCES relative to postsecondary education, versus the immediate, short-term federal use of such data.

Thus an issue of some significance is the delineation of the national versus the federal use and interest in the nature and scope of information collected by the National Center for Education Statistics respective to postsecondary education in the United States.

The National Center for Education Statistics (NCES) fulfills a national purpose through the development and maintenance of standard terminology and collecting a basic core of information about the condition of postsecondary education. Increasingly, however, the mission, role and scope of this purpose must be justified in terms of the federal governmental use and interest in the information collected and disseminated by NCES. For example, as states research the enrollment patterns of their residents, the number, type, and level of students attending schools in other states is basic to the research undertaken. Residence and migration of students is helpful as well in the development of reciprocity agreements between states and institutions. Such data can only be collected nationally and are of national interest, but these data have no federal use. Thus, the national use and interest issue is in conflict with the federal use and interest. Increasingly, the federal use and interest test is applied to and dominates the discussions respective to those data that are collected in the national interest.

It is important and necessary, therefore, that the mission, role and scope of the national interest and use of information vis-a-vis the federal interest and use, be discussed in an open forum. Unless and until this is clarified, the conflict between the two perspectives and interests will continue to confound the issues surrounding the nature and scope of data NCES collects from postsecondary education.

If an argument can be made for data that are necessary and sufficient to compare and contrast postsecondary education that are of national interest, regardless of their importance to the federal use question, then what might that national information look like? Before this can be addressed it seems that there are two fundamental questions that need to be dealt with first.

The first question, simply stated is: How narrow or how broad is the postsecondary education universe? Another way of putting it is: Are we to limit the assessment of the condition of the beyond high school educational delivery system to accredited and eligible for federal aid institutions of higher education, in the traditional sense? Or, do we broaden the perspective to include all organized institutions deliverying education beyond high school that exist for the purpose of providing some type of education? While strong differences of opinion may exist, the subject requires discussion as it is basic to the issue of what is assessed, and how an assessment is made of the condition of postsecondary education. It would seem that the prudent perspective, for any opportunity to reassess the current data collection activities, would be to move away from the historical concept of and limitations inherent in the Higher Education General Information Survey (HEGIS). While these surveys provide for a partial assessment of the condition of the postsecondary education enterprise, they exclude too many institutions to provide a full assessment. Thus the question: What are the institutions that should be a part of the postsecondary education universe as opposed to the higher education universe (HEGIS), and at what point is the line drawn (e.g. are correspondence schools to be excluded, etc.?)

After consideration is given to the breadth and depth of the universe of postsecondary education institutions reporting data, the issue of how detailed the information ought to be begins to surface. Some basic concepts are the following:

Institutional data, used to administer and manage an institution, are of necessity more detailed than that which may be required by a systems office in responding to the issues being addressed by the governing board. State-level data, used for planning, budgeting, appropriating and distributing state funds, reporting and state-level policy analysis, are of necessity less detailed and are more aggregated. The highest level of aggregation must of necessity be at the national level. The question is, therefore, one of determining how aggregated data ought to be to provide a national perspective on the condition of postsecondary education in the United States. And, a follow-up question, is related to the extent to which these data are necessary from all institutions at the same level of detail, or, for a variety of reasons, the data reported by traditional colleges and universities are needed in more detail than data from proprietary (private vocational) schools.

In this testimony I have addressed the question of "Postsecondary Education Data Collection: What Do We Need and What Role Should the Federal Government Play?" along three different but reasonably related issues. The issue of national versus federal interest in and use of postsecondary education data. The issue of the breadth and depth of the postsecondary education enterprise. And, the issue of the detail of data that ought to be collected at the national level and the extent to which there ought to be differential levels of detail depending on the type of institution reporting data.

The "What Do We Need" portion of the question is difficult to address as the appropriate context for the question ought to be related directly to the national issues to which these data are to be applied. In other words, what are the national issues and what are the necessary and sufficient data needed to address those issues? One might also ask, What are the goals for national data about postsecondary education? What objectives are appropriate to reach those goals? And, what are the necessary and sufficient data collection and reporting activities required to attain the objectives so the goals may be realized?

Somewhere in these issues and questions is, it would seem, the mission, role and scope for the National Center for Education Statistics that is understood and sustained, philosophically and financially, by the federal government. Perhaps this is "a" as well as "the" role the federal government should play. But the question still unanswered or addressed is "What Do We Need?"

In very broad terms it seems that the following types of information are needed on an annual, consistent, routine basis to adequately describe the condition of the national postsecondary education enterprise to which the state condition can be compared. For this to happen, the federal interest in reducing the data reporting burden must be subservient to the national interest in these data. The limited federal interest and use of these data must be considered secondary to the primary national interest and use of these data. The context of the postsecondary education enterprise undoubtedly needs to be broaden to include the full range of postsecondary education institutions. And, the postsecondary education community needs to be prudent in its determination of what data are needed.

While there are several ways to approach the question of what is needed to reflect the condition of the postsecondary education enterprise, the one presented below may provide only a framework or outline for such discussions to occur.

First, is the question: What are the institutions that are part of the enterprise? It would seem necessary to know what organizations are part of any industry and to know something about them. Part of the character of any industry is defined by the type and kinds of organizations that are part of that industry.

Thus, as part of this system of national data collection is something that provides information about the number, type, control, level, and placement of the institutions, or that information which basically describes the character of the enterprise and allows one to compare and contrast elements of the industry.

Second, information about the extent to which there is participation in the industry would seem appropriate. Obviously this is an enrollment concern. But the data collected may look differently when put in the context of issues related to the extent to which participation in the industry is growing or diminishing, or occuring differentially in different settings and where different categories of participants are involved.

Third, information is needed to assess what the industry does or has done, or proxies are needed to infer that which the industry contributes to the local and broader society. Contributions of the instruction provided has been somewhat approximated by the report of degrees and other formal awards conferred. But the contributions of the research and public service missions of the industry are given scant attention. National data regarding the contributions and outcomes of each of these missions is needed and requires attention. While the quantitative measures of these contributions and outcomes are needed, the qualitative measure cannot be ignored.

Fourth, information on the resources, - people, finances, plant and collections, - are needed. As a labor intensive industry, for which the greatest proportion of expenditure is incurred, information about the labor force and the extent to which that labor force is compensated for its services, is most important. While information about faculty, both full and part-time, is most important, some basic information about the total labor force is needed too. Finances: how is revenue derived and how the revenue is spent is of definite interest. This is especially true as policy changes at the federal and state level are dramatically affecting the patterns and profiles of revenues and expenditures. National data are needed also to assess the investment in and condition of the physical plant and collections which house and support the activities of the industry.

While the above description of data needed follows a pattern of the individual surveys that are now part of the package of surveys that make-up the Higher Education General Information Survey, there is a difference that must be made clear. What is represented here is first, a national interest in the condition of an industry - the postsecondary education industry - rather than a federal interest. Second, the industry here is more broadly defined to include all institutions that have as their primary mission the delivery of education beyond high school. Third, recognition of the fact that the level of detail of the data reported may and should be different depending on the type of insitutions (public, independent, proprietary). Regardless of the detail in the data being reported, however, the data must be linked in some apropriate way to reflect the totality of the industry. And fourth, that there is a system of inter- and intra-related information that provides for an appropriate assessment and description of the industry as a whole. That as a system, it is the end, rather than the means provided by individual surveys.

This does not suggest that more specialized and detailed information requests will not be needed on a less than annual basis (e.g. residence and migration of college students, physical plant and equipment assests and indebtedness, etc). These surely will be necessary, but these should be considered outside the basic system that provides a core of information on an annual basis.

The increasing emphasis on the role of the states in the support, oversight and management of postsecondary education does not necessarily imply a wholesale abdication of federal responsibility in this area. Others, in other forums, have spoken eloquently of the necessity to maintain a significant federal presence to support the concept of access and to maintain the educational quality that is necessary for a strong nation and a skilled, productive citizenry. In the context of the work of this Committee, however, it is essential to recognize certain functions, relation to postsecondary data collection, that are appropriate to the national government. The NCES efforts over the years to develop such standard instruments as the Financial Statistics of Institutions of Higher Education (NCES Survey 2300-4) and the annual survey of Salaries, Tenure and Fringe Benefits of Full-Time Instructional Faculty (NCES Survey 2300-3) have borne fruit in a common data system that minimizes burden upon individual institution while providing the institutions and the states with common, comparable data against which they can measure their own performance and plan for the future. Speaking particularly from the perspective of the states, the availability of such common data is absolutely essential to the ability of each governor and legislature to carry out their own responsibilities in assessing the state of higher education in their state and in determining the manner and amount of support that is needed consistent with the interests of their citizens. Certainly in such areas as faculty compensation, where the workforce is of truly national character, the need to be able to compare salary and benefit levels among comparable states and institutionl types is of the utmost value. Likewise, comparisions of levels and sources of support as well as categories of expenditures provide planners with the bases they require to provide the states with useful guidance in the development and funding of their institutions.

We are alarmed by the apparent willingness of federal agencies with little expertise in the area of postsecondary data collection to seek to discard or substantially truncate national surveys that have for many years served so important a function. We are similarly concerned that the staffing for NCES, already at a level substantially below that which is considered optimum to carry out its important functions, is in danger of further reductions. NCES, as the specialized arm of the government skilled and knowledgable in the complex area of education data collection, cannot be allowed to wither. Certainly, at a time when the states are being asked to shoulder more of the responsibility for managing postsecondary education, the role of the federal government in assuring the availability of a common information base cannot be abdicated. We must warn this Committee that the withdrawal of the government from this field is likely to result in an increase in the burden placed upon institutions and states, as individual colleges, political jurisdictions and indeed private entrepreneurs seek to competitively fill the gap.

That is a situation that would inure to the detriment of all concerned. We trust this Congress will take such steps as are appropriate to ensure that it does not come to pass.

Mr. **Garcia**. Mr. Smith, you are the only one who seems to be saying that the budget situation is not really as serious as many people have testified.

Mr. **Smith**. Yes, sir. It appears both from looking at it—the budget situation—and from observation of organizations such as the Federal Reserve Board which are not part of the budget process, who are proposing to drop certain statistics that are widely used by many policymakers and people in the business community, that the elimination of some statistical series is not being done for budgetary reasons.

It is being done because of an internal decision, that the focus of data they want to collect lies in other areas and they would just as soon stop collecting some of these data regardless of how they are used in the private sector.

That sort of an administrative decision, in my experience, has been far more of a reason why certain data series get dropped that are useful to people than the fact that the agency might or might not be under particular budgetary pressure. There isn't a great deal I think that can be done about that from an oversight perspective. As you know, you can write to the agencies and say: "Why are you dropping this particular set of data," but there seems to be more going on here than looking at the simple raw numbers of the sort of budget resources that are there for agencies that are in the data collection area would explain.

And I am talking about the difference between the 1983 budget and 1982. I understand there are some other examples in 1982 from 1981.

Mr. **Garcia**. Well, if you compare the 1980–1981 budget when we were in the midst of the Census——

Mr. **Smith**. Well, sure you can't——

Mr. **Garcia**. But the point is, the Bureau of the Census is an agency that is cyclical, to say the least, and it goes up and down. The fact is that the cuts are taking place. In fact, these hearings are all about data and how do we make sure that that data is provided.

It appears to me that based upon that, there is no question that the Bureau of the Census is under a tremendous handicap financially and it is showing up already and will continue to surface, based upon the fact that the information is not there.

Just let me say, so we all understand each other, just feel free to jump in because I prefer it that way. I would really like to get a cross section.

Mr. **Casson**. I think the budget figures must be creating a false illusion. I see it in my work; The reports I rely on. All of a sudden you get a notice: This is the last one that will be published, or, we won't be continuing this survey.

As you say, the Census Bureau has been especially hard hit and so many other Federal agencies are dependent on the Census Bureau for providing them with information and they have been desperate. Somebody mentioned earlier, morale is at an appalling level in that agency and I think there have been major cutbacks in existing programs and I think a lot of the planned programs that were aimed at filling the ridiculous gaps that exist in our statistics—look at our statistical programs and it is like looking at an ancient map.

There are large unexplored areas in our economy. These are the fast-growing areas by and large because when these programs were developed, these areas didn't exist—they were insignificant.

But now they are generating employment. These are the areas that should be fostered in tomorrow's economic environment, but we don't know a damned thing about them.

Mr. GARCIA. You know one of the things that comes out of all this is that the administration came in here with the backing and the support of big business. Now there is no question that American Express, Sheraton, Bankers Trust, all the financial people in the city of New York enthusiastically welcomed this administration.

Now is it or is it not antibusiness based upon the statistics and figures, the data that you need?

Mr. WOOLLEY. Mr. Chairman, as some of the other witnesses have heretofore testified some of these problems were just as common and pronounced in the prior administration as they are today. I think it is a fact that the quality of the Federal statistics in many areas has been going down for not just the last 2 years, but for quite a number of years.

Obviously the budget cuts this past year have not helped the situation.

Mr. GARCIA. Let me interrupt you there. That is fine. That may be the case because I assumed some problems when I assumed the chair of this committee. With the past administration, I have no quarrel with that. But now we are dealing with people in business, we are dealing with the business environment. This administration should be supportive of business, making sure that business has the data and the materials that they need to press forward, to expand, to put people to work, to create an economy that is positive.

The fact of the matter is that we find ourselves in a situation where what Jimmy Carter may have done in the past administration is being exaggerated by this administration.

I am not saying in this particular case—I don't want to get into politics of Democrat or Republican, Carter or Reagan, but the fact is that this administration is one that is supposed to be business-oriented and they have not come forward to support, as it pertains to what this hearing is all about.

It is not just being editorialized by me as the chairman of this committee, but it has become in every major daily and responsible papers, not irresponsible newspapers, as it pertains to what is happening.

It seems to me from my point of view—and I am not a business person—is that I am more interested in the civil rights data because of the district I represent. I am more interested in housing and welfare and all of these items and so that is the method of my madness coming to this point.

But now you people are involved in business and your problems are just as exaggerated as mine.

Mr. SPAR. I think the problem is one of ignorance. What happens is that the data become transparent to the business person. They rely upon the professionals, the research people, the consultants to come up with the best estimates, for giving the answers. By the time it reaches the business person that person wants to make a decision. They don't really care about the arcane numbers that are coming out of some bureau, nor do they care about the niceties of whether or not an estimate has one or two standard deviations.

They have to make a decision to go or not go with the product. That is why business hasn't been up in arms, because they are assuming that the research people, the consultants, are taking care of it for them. It is really up to the consultants to be screaming like mad. You are harming, but don't expect it in the business community. They are more involved with the day-to-day volume.

They can't get involved on whether or not the data is available.

Mr. **Davies**. What we are seeing in education, Mr. Garcia, is the rapid and the disorderly retreat of the Federal Government from financial aid programs that have guaranteed access to students all over the United States and the transfer of that responsibility back to the States along with a proportionate reduction in the amount of information that is availble to us so we can plan to pick up that responsibility.

As far as who is pro-ed, I think this administration has sent a pretty clear signal already in terms of the financial aid program.

Mr. **Garcia**. I believe the administration will probably back down on that, but I can't say that with regard to housing and other issues where there are poor people involved and they have no problem stepping on, but the middle class is their constituency and it may be a different story.

Mr. **Woolley**. I am not defending the present administration on this. As I say, we are unhappy with the cuts in statistical programs and the reduced quality of government statistics, but I do think it is important that the record show this is not something that started in 1981 but has been going on for some years.

The Congress and prior administrations all bear some responsibility for this in the sense it has never been taken seriously enough.

Mr. **Garcia**. I couldn't agree with you more and that is why we are holding these hearings. In terms of taking the census—I am not defending—the Census Subcommittee has never been a sexy subcommittee as subcommittees go. It is statistics, it is data, it is pretty dry. It is of interest to only people who use statistics as their bible. We are trying to do what we can, but even with the hearings and everything we are trying to put together, I still don't know if, in the final analysis, we are going to be able to get the type of help that the business community, as well as the civil rights and human services community, needs. So we are in a situation where we are trying to focus, we are trying to get attention, to have the administration pay attention to what we are trying to do.

It is a hell of a thing for a guy from the South Bronx to be fighting for more money for the Bureau of the Census. The fact of the matter is, in the final analysis, what is going to take place is that I am not going to be able to justify what I am talking about in the South Bronx if I haven't the statistics to back me up. That is the method to my madness.

Mr. **Smith**. I would only suggest, if you delve into some of the things that the Census Bureau has dropped you will find budget cuts may be the reason that is given but there are other reasons, that either someone—they have been paid for by another agency and that agency says they no longer want to pay for it. The Census Bureau has never been very innovative in doing the thing described in my testimony; it was not the Census Bureau that asked Union Carbide Corp. to help in getting their data processed. In asking the private sector for assistance, and I am sure we are not the only company that would be willing to give access to computer time to work with a particular agency and say, "Fine, here is the way to do it cheaper and get it done." The private sector can't take the initiative and say, "Do you want this done?" Because none of us know. If you haven't been there generating the statistics you don't know what is needed in order to get the work done.

We had an experience 2 or 3 years ago with the Census Bureau in which they sent a form to retailers and that form had three parts. One page said, "What are your sales?" The middle of the page said, "What are you receivables if you sell on credit?" And the bottom of the page said, "What are your inventories?"

The Census Bureau claimed by dropping the middle of the page, "What are your receivables?" they could save something like $700,000 a year. The retail industry and its trade associations dealing with their many congressional representatives, that being an industry that has grassroots like almost no other, generated, particularly on the part of Senator Hollings, the chairman of the Budget Committee in the Senate who said to the Census Bureau, "How can you save $700,000 by dropping out the middle of a form and mailing the same form to the same number of people?"

They came back and said, it was really only $70,000, but the Census Bureau itself didn't use the data. Those data supported a survey of what the Federal Reserve Board was doing. And then it got into a big bureaucratic battle between two agencies.

I am only suggesting to you when you look at numbers and say they are supposed to be spending in the Census Bureau $143.7 million in 1983, up from $136.7 in 1982, that on the surface that would suggest that you can generate one heck of a lot of statistics for $143 million. And you may find some things they are eliminating are not due to the budget.

Mr. GARCIA. I am going to have to stop at this point. The reason is I have a engagement in the next 5 minutes. We are going to reconvene at 1:30 in this room.

Thank you for appearing.

The subcommittee will now adjourn and reconvene at 1:30 p.m.

[Whereupon, at 12:20 p.m., the subcommittee recessed to reconvene at 1:30 p.m., the same day.]

Mr. GARCIA. The first panel of this afternoon's session will be made up of the following: Dr. Robert B. Hill, senior research associate, Bureau of Social Science Research; Mr. Fabian Linden, executive director of the Consumer Research Center, the conference board; Dr. Charles Renfro, Director of forecasting, Chase Econometrics; Dr. G. Edward Schuh, Department of Agricultural and Applied Economics, University of Minnesota; Mr. Daniel B. Tunstall, senior associate, the Conservation Foundation; Mr. William O'Hare, senior research associate, Joint Center for Political Studies.

Now, is everybody here and present?

I would ask the six of you gentlemen, if you would be kind enough to submit your testimony for the record and if you would be kind enough to summarize, let us say approximately 5 minutes each, so we can have some time for questions and answers between ourselves. We will start on my left. Please introduce yourself.

STATEMENT OF MR. DANIEL B. TUNSTALL, SENIOR ASSOCIATE, THE CONSERVATION FOUNDATION; FABIAN LINDEN, EXECUTIVE DIRECTOR OF THE CONSUMER RESEARCH CENTER, THE CONFERENCE BOARD; DR. CHARLES RENFRO, DIRECTOR OF FORECASTING, CHASE ECONOMETRICS; DR. G. EDWARD SCHUH, DEPARTMENT OF AGRICULTURAL AND APPLIED ECONOMICS, UNIVERSITY OF MINNESOTA; WILLIAM O'HARE, SENIOR RESEARCH ASSOCIATE, JOINT CENTER FOR POLITICAL STUDIES; AND DR. ROBERT B. HILL, SENIOR RESEARCH ASSOCIATE BUREAU OF SOCIAL SCIENCE RESEARCH

Mr. TUNSTALL. Mr. Chairman, it is a pleasure for me to be here this morning to discuss some of the implications of budget reductions on environmental statistics. I want to thank the chairman and his staff for extending this invitation to me to participate in these hearings on Federal statistics.

The changes in budget and in information policy over the past year, and the changes proposed for the coming fiscal year, will have substantial impacts on Federal statistics. In fact, the impacts of these changes in the environmental areas, the field I represent, are already noticeable. Many of the changes in policies and programs are profound. They are now adversely affecting, and will continue to adversely affect, our awareness and understanding of environmental quality.

Last September, I joined the Conservation Foundation, located here in Washington. The Conservation Foundation is a nonprofit, research and communications organization dedicated to improving the quality of the environment and promoting the wise use of the Earth's resources.

Prior to this appointment, I worked as a consultant to the Council on Environmental Quality, Executive Office of the President, for more than 5 years. During that time I directed the research and development of the Council's latest publication, Environmental Trends. Our staff also prepared the first national book of environmental data tables, "Environmental Statistics, 1978" and worked on various issues of "Environmental Quality," the Council's annual report. We also worked with the Council to manage U.S. participation in the environmental data programs of a number of international organizations.

Before working for the Council, I spent 5 years at the Office of Management and Budget in the Statistical Policy Division. During those years, I directed the development of the first edition of Social Indicators.

My time in Washington has been spent as a user of Federal statistics. My perspective is of one whose job it is to select, organize, and communicate statistical information to a general audience, the most important part of which are policymakers. I am particularly interested in the communication of statistical information in ways that are understandable and useful to the public.

I believe that the responsible communication of statistical information about the changing quality of life in the United States is an important and essential function of Government. It is an expensive, time consuming, and difficult function that must be maintained and continuously nourished given the complicated, highly technical, and rapidly changing society we have fashioned.

Environmental statistics, like all public-use statistics, is an evolving field. We are the new boys in the Federal statistics community. There is no long tradition of environmental statistics for public use the way there is in demography, macroeconomics, employment, health, and many other areas of broad social concern.

We have our indicators and indices, but the morning papers do not yet carry reports on the changing conditions of air, water, land, and wildlife in any coherent fashion.

Because our field is new, it is important that the Government institutions that do the research, collect and process the data, conduct the analysis, and communicate the findings in published reports be maintained and strengthened. These institutions are not now being maintained. Some are being destroyed; others are being seriously eroded.

Before examining some of the environmental statistics programs that are being hurt by changes in policy and budget, let me mention one problem. There are very few statistics about environmental statistics. Statisticians like to count things and people and to monitor processes, but they don't measure what they themselves do very well. I therefore can't give you a set of meaningful figures for changes in environmental statistics personnel and budget over the past few years. The Special Analysis of the Federal Budget, not released this year with the budget, provides some information on environmental statistics programs, but it is incomplete. Therefore, the information I am providing this morning is not comprehensive nor systematic.

From my perspective, one of the most serious changes in environmental information policy has been the decisions by the heads of environmental agencies to stop the development, publication, and distribution of a number of key reports. Four major reports are on the threatened and endangered list. They will probably soon become extinct. Each report covers many areas of environmental concern. They identify problems, organize useful and important information, and provide detailed assessments of conditions and trends. All four were intended to be periodical. Two were to be annual, the other were expected to be published in 3-to-5-year cycles. All required interagency or intergovernmental cooperation.

The first is "Environmental Quality," the annual report of the Council on Environmental Quality [CEQ]. "Environmental Quality" reviewed events of the past year, identified new issues that required policy attention, and provided the latest information on conditions and trends. It contained, for example, analyses of water and air quality that were not available in any other publication. The annual report had become a major resource document in this country and abroad.

This year's report is months late. Given the drastic reductions in staff and budget at the Council, it is very unlikely that the quality of previous reports can be maintained.

The second is "Environmental Outlook," prepared by the Office of Research and Development within the Environmental Protection Agency [EPA]. The latest edition of "Environmental Outlook" was released in 1980. In addition to traditional air- and water-pollutant-discharge estimates and projections, it included sections on global atmospheric pollution, drinking water, water resources, marine pollution, solid and hazardous wastes, toxic substances, radiation, noise, and a review of energy and the environment. Projections were usually made to 1985 and 2000.

The report brought together the latest scientific information on the emission of pollutants into the natural environment and began to assess the environmental implication of pollutant trends. It was much more than a simple modeling exercise. Not only was the report useful for the scientific information and trends data it contained, but it also made clear areas of research needed to protect the environment of the future.

The forecasting budget of EPA's Office of Research and Development has been cut in half, and there are no plans now to prepare the next report in 1983.

The third publication is "Environmental Profiles." This graphical publication of environmental indicators was ready to go to press last summer. It has not been printed and probably never will be.

"Environmental Profiles" was an attempt on the part of EPA headquarters and EPA regional offices to coordinate their efforts at developing and using common indicators of environmental change.

Key series were chosen for EPA's major programs: Water quality, air quality, pesticides, radiation, noise, solid and hazardous waste, quality of lakes, and others. The project, from my perspective, was very effective and was beginning to have an influence on environmental protection programs at the regional and State level.

One of its innovative features was the development and use of a water quality index, which, for the first time, showed in map form which segments of major rivers were meeting State standards across the country. We could begin to see more clearly which regions were having the most difficulty in meeting congressional mandated water-quality goals.

It appears that some regions, with State cooperation, will continue to prepare profile reports periodically on a strictly regional basis. But the coordinating function will be lost.

The last publication is "Environmental Trends."

"Environmental Trends" was prepared as a national briefing book that brings to life the many numbers and figures that measure environmental quality. It contains a collection of charts, maps, and text that record key changes in the environment and related social conditions over the past few decades. Key statistical series in each major area of environmental concern were highlighted: Air quality, water resources and water quality, land use and resources, energy, wildlife, population, and human settlements, toxic substances, solid and hazardous wastes, and the biosphere.

This report was released by the Council on Environmental Quality last December and then effectively hidden from public view. The Government's 9,000 copies were removed from the cosponsoring agencies and turned over to EPA for distribution to local public officials, without even an accompanying cover letter. No copies were made available to Government officials in the cosponsoring agencies of CEQ, EPA, Fish and Wildlife Service, and the U.S. Geological Survey.

There are no plans within CEQ or the cosponsoring agencies to maintain the data base of over 400 key series or to update the publication.

These four major reports on the environment are supported in large part by detailed, ongoing efforts in environmental groups and agencies across the Government and in the private sector. Many of these programs are having great difficulty in maintaining their research, data collection, analysis, and reporting functions.

The result is that we are knowing much less—and will continue to know much less—about what is happening to our environment.

I would like now to identify a number of cases in which changes in programs are occurring that are detrimental to environmental data. They cover the areas of water quality, water resources, air, noise, radiation, pesticides, ecological systems, international organizations, and global foresight.

WATER QUALITY

The national ambient stream quality accounting network [NASQAN] has been developed over the past 7 years by the U.S. Geological Survey. Its purpose is to monitor changes in water quality using samples taken from stations across the Nation. Results and analyses are prepared for individual stations and can be aggregated statistically to larger units and to water regions.

The 1982 operating budget for NASQAN was cut from $5 million to $4 million. As a result, the number of variables monitored has been reduced from 30 to 27, and sampling at the more than 500 stations was reduced from a monthly to a bimonthly basis. The next cuts, expected to come this year, will require the survey to reduce the number of stations, probably those located along coastal areas.

The monitoring of water quality on a national basis is a relatively new program. Past criticisms of national-water-quality monitoring by the GAO and by CEQ have stressed the need to expand the number of stations and increase the monitoring of toxic pollutants. The cuts now occurring take this important program in the wrong direction. Without the baseline data the NASQAN provides, programs aimed at controlling pollution will be less efficiently targeted, and we will be much less able to assess the results.

Trends in water quality using NASQAN data have been routinely analyzed by CEQ for the past few years. By comparing concentration levels of pollutants, CEQ has reported the number and percent of water-quality violations for the Nation as a whole. Funds for continuing this analysis in fiscal year 1983 have been cut out of the budget.

The most important sources of toxic contamination of groundwater are impoundments and landfills. EPA regulations require owners and operators of these sites to comply with a number of reporting requirements, including preparation of quarterly ground water monitoring reports, annual reports, and ground water quality assessments. This year EPA has delayed its request for these reports in order to streamline or eliminate various reporting rules. This is one area in which it is imperative that the Federal Government, in cooperation with State and local governments and businesses, develop guidelines and procedures for monitoring, analysis, and reporting to protect both the resource and the public.

Coastal and estuarine waters have been monitored for a number of toxic pollutants on a consistent basis over the past 5 years. The EPA mussel watch program measures toxic substances in bivalve molluscs [mussels and oysters] at more than 100 locations along the Pacific, gulf, and Atlantic coasts. Trend data are only now becoming available.

The budget for the mussel watch program was $625,000 in fiscal year 1982; the proposed budget for 1983 is zero. The justification given by EPA leadership is that this information is not needed to regulate toxic substances since it is not useful in monitoring compliance.

Mussel watch is a relatively inexpensive monitoring program and, from most reports, very carefully done. Over time it could be turned over to the States or to local universities once detailed protocols were established. If this program is stopped now, we will lose an opportunity to monitor existing hotspots, identify new ones, and follow trends of banned and restricted pollutants.

Water-quality monitoring by other agencies may not show up in their budgets directly. It is, therefore, difficult to identify exactly how the programs are being changed. The Corps of Engineers, for example, has monitored the flow of water at dams and reservoirs for years. In the past decade, monitoring for water quality began. The corps, faced with budget reductions, has already begun cutting its water quality monitoring.

The Clean Water Act of 1977, Public Law 95-217, requires each State to prepare and submit to the EPA Administrator a description of water quality, including references to fish populations, recreational activities, control of pollution, and estimates of the impact and cost to society as a result of continuing pollution.

The Administrator in turn is required to analyze the State reports and prepare a summary national water quality inventory for transmittal to Congress. The State reports and the national water quality inventory summary are to be prepared and submitted every other year.

The summary report of the 1979-80 State reports was prepared in March 1981 by the Monitoring and Data Support Division of EPA, but the report has not yet been released. The Agency claims that the report is undergoing peer review. Other information suggests that the report was given low priority because of budget and staff cuts, reduction in publication preparation and printing funds, and, perhaps most important, because the report highlights continuing water-quality problems throughout the country.

The national water quality inventory is important for two reasons. First, it encourages States to examine the full scope of water-quality problems on a periodic basis and leads to better program evaluation.

Second, in recent reports, States have been encouraged by EPA headquarters to use comparable methods and indicators. Cutting back on this reporting process will reduce the availability of comparable and timely data and will make evaluation of programs that much harder.

WATER RESOURCES

The Water Resources Planning Act of 1965, Public Law 89-80, mandates the Water Resources Council to prepare a national assessment of water in the United States. The national water assessment is to water resources what the Economic Report of the President is to economic well-being—and more. It is data collection, analysis, and reporting on the overall use and projected use of water in the United States. The latest national water assessment was completed in 1978. It included detailed use estimates for the year 1975 and projections for 1985, 2000, and 2020.

There are no plans for a third assessment. The professional staff of the Water Resources Council has been ordered to terminate all data activities by the end of fiscal year 1982—a low-level data collection and planning effort has been continued at the U.S. Geological Survey at $350,000 per year.

Water assessment information is needed by many other agencies of the Federal Government to carry out land and water resource assessments, such as those required by the Resources Planning Act and the Resource Conservation Act. It is probably up to Congress to pass a law requiring the executive branch agencies to coordinate their efforts and maintain this important function.

AIR

The pollutant standards index [PSI] is a highly summarized health-related, air-quality index based on five of the criteria pollutants: Carbon monixide, ozone, sulfur dioxide, total suspended particulates, and nitrogen dioxide. The PSI is used locally, and the data can be combined for cities and groups of cities across the country.

The updating of the pollutant standards index, routinely done by the Council on Environmental Quality and published in its annual report, will not be continued next year. The funds supporting this work have been cut out of the budget.

The preparation of this index on an annual basis, in addition to giving the public a picture of urban air quality trends, provides one check on air-quality monitoring at the local level.

The group within the Air Quality and Standards Office in EPA that carries out the assembling and analysis of ambient-air-quality trends has been reduced by 40 percent. This cut will surely affect the timeliness of their reports.

The development of national air-pollution-emission estimates are prepared at Research Triangle Park in Raleigh, N.C., by the national air data branch. The principal data base, the national emission data system [NEDS], is heavily dependent on computer data processing. The data are collected by the States and sent to EPA semiannually. The data processing budget of this group, now in the midst of revising its systems, is being cut by 90 percent in the 1983 budget. This will slow the changeover to a more efficient system and may lead to an increase in errors in the reporting of the data.

The budget for indoor-air-quality research is being cut from $500,000 in 1982 to zero in 1983. With no congressional mandate for EPA to regulate indoor air quality, the Agency will spend no funds on research. The picture here, though, is not as bleak as in other areas, since human exposure studies are continuing to be funded.

NOISE

All noise programs in EPA will have been abolished by the beginning of fiscal year 1983. The principal data we will lose are the following:

One, national estimates of noise exposure by source;

Two, surveys of public attitudes and annoyance to noise;

Three, estimates of noise exposure at major airports;

Four, estimates of noise generation by industrial and construction equipment;

Five, studies on the direct and indirect health impacts from prolonged exposure to noise;

Six, data from studies of quiet communities which would help us understand the value people place on noise reduction in everyday life;

Seven, methodological data on how to monitor noise exposure indoors and outdoors.

RADIATION

Monitoring human exposures to ionizing radiation is the responsibility of many different Federal agencies, depending primarily on the source of the radiation. In 1976, in an effort to summarize recent findings in research and monitoring, the EPA Office of Radiation Programs initiated a periodical report entitled "Radiological Quality of the Environment in the United States." One of its most important features has been the reporting of industrial and workplace studies on human exposures.

The most recent edition of this report has not been released to the public, even though it was completed almost 2 years ago and has cleared external peer review. The release of this report and the continuation of this program would help to inform the public about the extent and intensity of this most feared toxic.

PESTICIDES

The principal survey of farmers' use of pesticides, conducted by the U.S. Department of Agriculture and scheduled for 1981, has been delayed to the fall of 1982 and may be pushed to the spring of 1983. This survey, last conducted in 1976, and usually completed every 5 years, provides overall information on the amounts, types, and uses of pesticides by farmers. This survey helps to document shifting patterns in the use in herbicides and insecticides. Such information is needed, as rapid changes take place in the development of pesticides and their costs.

The national pesticide monitoring program is a multiagency, multimedia effort whose purpose is to monitor trends in pesticide concentrations in soils, water, air, wildlife, food, and human tissue. During the past decade, this program provided detailed information showing, for example the increasing prevalence of PCB's in humans, and the decreasing concentrations of DDT in fresh water, fish, starlings, migratory waterfowl, and humans.

Cuts in the Office of Pesticide Programs at EPA have resulted in the following program changes:

One, data on pesticide residues in urban soils were last collected in 1980. There are no funds for analyzing that data nor for publication of the results.

Two, the cooperative agreement with the U.S. Geological Survey to monitor pesticides in fresh water was discontinued in 1981.

Three, air monitoring of pesticides was stopped in 1980.

Four, the collection of data from human adipose tissue samples will continue through 1982, but there are no plans to publish the results.

Five, funds required to maintain some of the expensive laboratory equipment needed to conduct the sample analyses have been deleted from next year's budget.

Six, it appears the publication of the "Pesticide Monitoring Journal," where the results of these studies and those from other countries are routinely released, will be continued for 1 more year. Publication after that is under discussion.

In anticipation of future budget cuts, the Fish and Wildlife Service responsible for the collection of pesticide data from migratory waterfowl, fish, and starlings, has sped up the collection samples from mallards from 1983 to 1982. If cuts in this program continue, our ability to monitor the widespread but changing contamination of pesticides will be weakened.

There are many other examples of data programs that are in trouble in the areas of land use, public lands, toxic substances, and ecological systems. Let me finish this list of domestic environmental statistics programs with an example from ecological systems.

ECOLOGICAL SYSTEMS

The budget for the threatened and endangered species program within the Fish and Wildlife Service was reduced from $22 million in fiscal year 1981 to $17 million in fiscal year 1982. The cutbacks came directly out of the Federal/State matching fund program. As a result, data collection in the field, needed to support the listing and recovery of endangered species, was reduced. Not surprisingly, only one new species was listed as endangered during this period.

We have a law that rightly requires detailed information on a wild species or subspecies before it can be listed as endangered. The best way to make sure no new species are listed is to cut the budget of those collecting that information. That has happened.

INTERNATIONAL ORGANIZATIONS

The United States is a member of many international organizations that have environmental statistical functions. In most cases, there has been no explicit change in the policies supporting these data-gathering-and-reporting programs. However, in reality, the degree of cooperation and participation has fallen off.

The Environment Committee of the Organization for Economic Cooperation and Development [OECD] has environmental reporting as one of its four major program objectives for the next 2 years. In the past, the United States has played a leading role in working with the Secretariat to develop a core set of environmental data and to prepare a state-of-the-environment report for member countries.

The United States no longer participates in the meetings of the Group on the State of the Environment and is delinquent in completing the questionnaire that will provide the data base to prepare the next state-of-the-environment report.

A program on environmental statistics was started 4 years ago as a joint effort by the United Nations Statistical Office [UNSO] and the United Nations Environmental Programme [UNEP]. Housed in New York City, the project's major purpose was to assist less developed countries to improve the quantity, quality, and usefulness of their environmental statistics. With the fiscal year 1982 reduction in U.S. support for UNEP, this project has been cut back severely. In the past, the UNEP contribution was 70 percent of the total. Unless there is a change in the financial picture at UNEP, its contribution to the program for 1982 will be zero.

The United States has participated in and supported the work of the Economic Commission for Europe to develop common classifications of water resources, water quality, land use, and land cover. The United States stopped sending delegates to meetings last year. In the process we miss an important opportunity to influence the development of international standards that make the comparison of environmental data more effective and efficient.

GLOBAL RESOURCES FORESIGHT

Just as the economic misfortunes of nations spill over to their neighbors, so do environmental problems. Actions taken, or not taken, in one country to abate pollution, to rapidly exploit fisheries and wildlife, to misuse its cropland and forest land, or rapidly deplete its surface and groundwater, influence the economic and social welfare of others.

With the release of the Global 2000 Report in 1980, the United States staked a claim in the world as one country that would look beyond its national borders to take a global view at how its policies influenced the rest of the world and vice versa. This was new territory for study and required new analytical tools, new data, and new kinds of institutions.

The official United States policy in support of this area has not changed. At a hearing, held by this subcommittee last May on the Global 2000 Report, witnesses described the Federal Government's lack of a global foresight capability. They pointed out that the United States, although it could produce a Global 2000 Report, still lacked the capacity on a coordinated interagency basis to monitor and analyze the trends in population, resources and environment and factor this information into U.S. policies.

Last December, A. Alan Hill, Chairman of CEQ, announced the administration's plans to establish an interagency working group on global issues. According to Mr. Hill, this working group, representing the senior level policy staff of the major departments and agencies of the Federal Government would conduct its own review of global issues, assess how they affect or are affected by U.S. domestic and foreign policy, and recommend to the Cabinet Council on Environment and Natural Resources and to the President actions that the administration might undertake. Mr. Hill described the formation of a complementary global forecasting team, a group of technical staff that would be assigned to "improve our sets of global data, improve the analytical and predictive models that are used in forecasting and analyses, and develop linkages among the models that deal with only small segments of global resources and environment."

What has become of this effort?

There was one meeting of the working group, no meeting of the global forecasting team, and the Council has just fired its senior staff person with professional experience in data collection, modeling, analysis, and use.

WHAT CAN BE DONE

There have been many cutbacks in environmental statistics programs, particularly those efforts that lead to integrative analyses across traditional disciplines. These cutbacks suggest a concerted effort on the part of the current administration to reduce the flow of information needed by the public to judge how well the Government and our society is doing to protect, maintain, and enhance the quality of the environment.

What can be done to turn this situation around?

First, this subcommittee and many others in Congress can put pressure on the executive branch to carry out the mandate of the last. Section 102(2)(B) of the National Environmental Policy Act directs all agencies of the Federal Government:

> To identify and develop methods and procedures, in consultation with the Council on Environmental Quality * * * to insure that presently unquantified environmental amenities and values may be given appropriate consideration in decisionmaking along with economic and technical considerations.

The act further, in section 204, directs the Council on Environmental Quality to:

> Gather timely and authoritative information concerning the conditions and trends in the quality of the environment, both current and prospective; to analyze and interpret such information for the purpose of determining whether such conditions and trends are interfering with the achievement of * * * environmental policy and to compile and submit to the President studies relating to such conditions and trends and to document and define changes in the natural environment, including the plant and animal systems, and to accumulate necessary data and other information for a continuing analysis of these changes or trends and an interpretation of their underlying causes.

Finally, section 201 of the act requires the President to transmit an annual environmental quality report to Congress "to include the status and condition of the major natural, manmade, or altered environmental classes of the Nation."

Second, the Congress can look closely at the budget estimate and justification documents submitted by agencies in support of the 1983 budget. Congress can also ask OMB to prepare the 1982 Environmental Special Analysis that was omitted from this year's budget. Many important statistical functions are not explicitly outlined in budget documents. These data collection and analysis activities are likely to suffer the deepest cuts because they are not visible, the effects of such cuts may not be obvious for several years, and there is no vocal constituency to support data collection and analysis. Once the activities are cut, the damage may be irreparable because continuity is a necessary condition for the careful monitoring and understanding of environmental trends.

Third, this subcommittee, in conjunction with other committees and subcommittees that deal directly with environmental affairs in the Federal Government, could hold separate hearings on environmental and natural resource data and statistics. I have been able to assemble only a small number of cases of cutbacks and problems. Special hearings would give us a chance to fully document the changes occurring and their importance and to share this information with the Congress and the American public.

Let me conclude my testimony with a personal experience.

In 1977 I had the privilege of attending the first meetings of the OECD expert group on the State of the environment. Country representatives were asked for a show of hands as to how many countries were then preparing periodical reports on the State of the environment. We were proud to be one of two countries, along with Japan, to be recognized for our efforts in this field. When the same question was asked last July, 4 years later, 15 countries indicated they were working on such reports. Not only has the United States been a leader in the development of environmental data and assessments, but we have also helped to influence the work of this important international organization and of its members. We are now losing that leadership role abroad—and threatening the development and flow of environmental data at home.

I want to thank you, Mr. Chairman, for giving me the opportunity to share my views with you and other members this morning.

Mr. **Garcia**. We will now hear from Mr. Fabian Linden.

STATEMENT OF FABIAN LINDEN

Mr. **Linden**. Mr. Chairman, I am with the conference board, located in New York. I have been there for some 20 years, primarily concerned with the consumer sector. In the way of preamble it might be useful to say something about the conference board.

Briefly we are a not-for-profit organization, primarily concerned with providing information to business; principally statistical and economic information.

We have been doing this now for some 65 years. We were founded in 1916 and currently have approximately 2,000 U.S. associates, which includes most of the organizations listed in Fortune's largest 1,000 industrial corporations. We also are, as you might suspect, very well represented in the financial community generally.

We know that a good deal of the requests for information that come to us is for statistical information collected by the various agencies of the Federal Government. The board's information service department, which is primarily concerned with answering inquiries, estimates that in the course of a year we receive 30,000 to 35,000 requests, and that anywhere between a half to two-thirds of such requests are for Government-generated statistical materials. This situation is hardly necessary to document. We know that the processing of the Government's rather extensive library of statistical information has given rise to a growing service industry whose principal process and provide the information which is developed by the Government.

Obviously, given the enormous scope of the U.S. economy, its diversity, the complexity of our economic life, the data that are required can only be collected by an institution that has the authority and the financial resources of the Government. Understandably then any threat to curtail the extensive flow of statistical information provokes a good deal of concern in all areas of our national life and certainly in the business community.

On the other hand, it would be perhaps naive to argue that every statistical compilation is absolutely necessary and that each statistical compilation is in turn of equal importance. We can effectively do at this juncture is attempt to monitor the various curtailment programs that thus far have been announced. It is still too early to know precisely how many of the Government's programs are to be curtailed or eliminated, but presumably with the details of department budgets still in flux, many final decisions are yet to be made.

Still, from our point of view, we are very concerned with, for example, the intentions to reduce the Bureau of Census current population survey program. I understand there is going to be a cutback on the sample size and on certain standardized quality control activities.

The CPS [current population survey program] which is a major source of ongoing information on many important aspects of the U.S. population. The survey series, among other things, serves to provide data bridging that long interval between our decennial censuses. We feel that any significant curtailment in the CPS program would be a heavy loss.

We also understand that the Government is cutting back on its current business report series. Specifically it has been collecting and making available a great deal of information on monthly department store sales by major metropolitan areas. The loss of this particular data information would be a very severe one, since this series is one of the few sources which provide some rough index of economic trends by major geographical markets, information which is often required by large sections of the business community for the locating of new business activities, locating retail outlets, et cetera.

We are most unhappy to learn that the Bureau of Labor Statistics annual family budget report is also being eliminated. This is a program begun, I believe, approximately 15 years ago wherein a standard budget of goods and services are priced out each year in various communities, approximately at 40 or 50 different places. There were in fact three budgets: low, medium, or upper income.

This particular program provided a means of assessing the impact of inflation, and inflation-generated tax increases on living standards at various levels of household income, and within various metropolitan locations. The geographical aspect of this particular program was extraordinarily important.

Among other things it provided guidelines to business on many levels including the problem of compensation for personnel shifted to new locations.

These are only a few of the examples. I cite these more as illustrations rather than a comprehensive list of the losses we have experienced.

Now undoubtedly realism suggests that at this point we are going to have cutbacks, hopefully of more moderate dimensions than are being suggested at the moment. Given this reality I think it would be useful to perhaps consider some broad guidelines, which might be employed in this process of curtailment. Some of the following observations are very obvious indeed, but in the haste of curtailment orderly retreat is perhaps sometimes a bit elusive.

For one thing certainly there should be some kind of formalized mechanism whereby any major statistical series which is scheduled for execution or modification is reviewed. There should be some well defined structure to discuss the issue with the major constituencies employing the particular statistical series.

Another important aspect of the reduction program is timing. Some of the statistical series which are scheduled for curtailment might be able to survive some modification without too serious or mortal damage. But one of the more insidious and somewhat less obvious aspects of the cutback program is the fact that the curtailment of personnel has meant an extension of timelag—the period to which the data refer and the time it becomes available. This has always been a rather annoying aspect of most Government statistical operations. At some point the time gap becomes so large as to make the information almost useless.

A dramatic illustration of the moment are 1980 census results. Social and economic statistics by various places which should have been available long before now are still nowhere near coming out. The deadlines which were suggested some time ago are apparently not going to be met.

Also in the process of cutting back I think it is very important that consideration be given to the quality and the quantity issue. In some cases it would perhaps be better to eliminate a statistical series rather than to water down a wide repertoire of programs. I understand our Canadian friends ran into a great deal of difficulty on that score. In their reduction of expenditures for statistical information they tended to modify existing programs, and then subsequently ran into problems of reliability on many of the series which they continued with reduced resources.

Thank you.

Mr. GARCIA. Thank you.

Dr. Renfro is next.

STATEMENT OF CHARLES G. RENFRO

Dr. RENFRO. My name is Charles Renfro and I have been asked to provide testimony concerning the uses I make of Federal statistical data and the problems that can be anticipated as a consequence of reduced resources for Federal statistical programs.

Because of my background and specific interests, I intend to pay particular attention to regional statistical data. I shall focus upon Federal economic and social statistics for States and local areas, concentrating upon macroeconomic time series data, but I am also going to comment quite generally upon various aspects of the Federal statistical system and the production, distribution, and use of economic and social data. The opinions, interpretations, and conclusions that I express should be understood to be my own and not necessarily those of any other person or organization.

My particular perspective on the Federal statistical system reflects my responsibilities and experience during the past 10 to 15 years. I currently hold two positions that are directly relevant to the subject of my testimony. I am director of regional forecasting for Chase Econometrics. Independently, I am also the editor of the Review of Public Data Use, an international scholarly journal concerned with the investigation of all aspects of the production, distribution, and use of economic and social statistics.

Just prior to joining Chase Econometrics in 1981, I was the executive director of the Kentucky Council of Economic Advisors, a State government agency responsible for the collection, compilation, and interpretation of economic data pertaining to that State, among its several statutory functions. Jointly, I was the director of the Center for Applied Economic Research at the University of Kentucky. More generally, my experience as an economist in using and analyzing Federal and other statistical data extends back to the 1960's, when I was at the Brookings Institution as a junior member of the project to develop the Brookings Quarterly Econometric Model of the United States.

Since the 1960's, I have also been actively involved in the development of computer technologies for the storage, distribution, and analysis of economic and social statistics, as a contributor to the professional literature, a systems designer of computer software, and the principal developer of a large scale on-line computer resident economic data base system that combines data obtained from a variety of Federal, State, and local governments, but also private sector sources.

I am going to draw upon this experience in order to give you a fairly broad statement of the use that econometricians such as myself make of Federal statistics and to illustrate some of the problems that I anticipate as a consequence of reduced resources for Federal statistical programs. I shall begin by considering briefly the use that the regional forecasting group of Chase Econometrics makes of Federal data. Then I shall widen the focus to a more general consideration of the problems that can be anticipated as a result of reduced statistical resources.

The principal use of Federal statistical data by the regional forecasting group at Chase Econometrics is in the construction and use of econometric models of States and local areas. These models consist of individual models of the economies of each of the 50 States, the District of Columbia, and 108 out of approximately 320 standard metropolitan statistical areas.

The construction and maintenance of these models involves the use of a wide variety of economic data produced by statistical agencies, including personal income and its components, employment, population, various financial statistics, housing data, the consumer price indices, and several indicators of consumer demand.

The data are obtained from agencies such as the Bureau of the Census, the Bureau of Economic Analysis, the Bureau of Labor Statistics, the Federal Insurance Deposit Corporation, the Federal Reserve Board, and the Internal Revenue Service.

In addition, some of the data we use are obtained from private companies that have established themselves as data sources, or from State and local government agencies. In several important instances, the data obtained from these governments are gathered through a joint Federal-State government data collection program.

The models constructed by the regional forecasting group are used to make regular forecasts and impact analyses. We produce six sets of forecasts a year for each of the States, the District of Columbia, and the 108 SMSA's. Twice a year, these take the form of 10-year forecasts. Four times a year we produce forecasts from a 10-quarter forecast horizon, essentially the next 2 years plus. We also make analyses of the regional impacts of economic policies or of the characteristics of particular States and areas, some of which have been widely reported by the media.

Our forecasts and analysis are subscribed to by many Federal and State government agencies, in all regions of the United States. They are used to make and administer economic policy, including establishing the level of State government budgets. However, the majority of our subscribers are private companies, and these consist of both national and multinational firms, but also firms that only do business in particular States or particular groups of States. These subscribers use our products both in the conduct of their day-to-day business and for long-range planning.

The relative performance of the economies of particular States and regions can be as important to our clients as the absolute level of performance of the United States as a whole.

One inference to be drawn from my testimony so far is that regional economic statistics are becoming more and more important to the functioning of the national economy, which can be considered to be the composite of the State and local area economies. This importance is the direct consequence of the various regional developments in the United States, including the population shifts that have attracted so much attention.

However, it is also the result of an increasing general recognition of the importance of regional differences. Much of the discussion of economic policy and performance is still focused on the national economy, but in fact, for most people, the economy of greatest day-to-day importance is the comparatively small, regional economy in which they live and work.

To the extent that people—particularly businessmen—are interested in the economic performance of large areas, often what is actually of greatest interest is not the entire country, but some particular collection of States or local areas.

Now one can trace the growing interest in regional economies and regional statistics to population shifts and a latent local interest, as I have just done, but it is important to recognize also that some of the interest that has emerged is the direct result of actions on the part of agencies of the Federal Government.

Such things as Government regulations that have placed requirements on businesses and other organizations to prepare economic impact statements concerning the local effects of their proposed activities have helped to create a demand for more detailed local area statistics.

Similarly, the enactment of Federal legislation that has tied various types of intergovernmental grants-in-aid and other government disbursements to local area statistics has caused even Governors and their cabinets to develop an apparent ardent interest in statistical methodologies.

More recently, the monetary policies of the Federal Reserve Board, because of their effect on interest rates, have created a heightened awareness on the part of both economists and the general public of the different behavioral characteristics of different regional and State economies. One of the results of this awareness seems to be an increased migration of people to areas perceived to be recession-proof, away from those areas experiencing high joblessness.

It is evident, even from this brief analysis, that it is important for us to understand the likely regional effects of both legislation and explicit Government economic policies, whether or not those effects are explicitly intended. Two rather obvious prospective areas needing investigation are the President's New Federalism proposals and the expansion in defense expenditures, both of which are likely to have important regional effects.

The question, of course, is what effect will the statistical program reductions and eliminations have on our ability to determine the regional effects of future economic policies and legislation? The answer to this question rather critically depends upon the level at which it is answered.

If the question is answered incrementally by program, in terms of today's knowledge about regional impacts and the performance of regional economies, the answer may be that the immediate effect, program-by-program, is likely to be marginal. There are particular program reductions or eliminations that have the effect of contracting our present view of regional differences.

One example is the elimination of the monthly department store sales data, which covered more than 200 local areas.

Alternatively, there is the Labor Turnover Survey, which has also been eliminated. These programs each provide important information, but their individual elimination cannot be said to critically affect our ability to evaluate the overall relative economic performance of States and local areas; in these terms specifically, the effect of the elimination of each program may be marginal.

However, it must be said immediately that the cumulative effect of the elimination or reduction of programs that can be judged marginal in these terms is not necessarily marginal. Furthermore, even if the effect is marginal, it is nevertheless true that a loss of information is involved that to some degree potentially impairs our ability to understand the society in which we live.

Program reductions and eliminations can be evaluated as just discussed, in terms of their marginal contribution. However, particularly in the case of any evaluation of a program in terms of its importance for regional analysis, I believe that a more careful analysis is necessary.

From the beginning, it must be recognized that prior to any program reductions or eliminations, the available State and local area macroeconomic data were inadequate: considered in terms of coverage and quality jointly, regional economic data are, and have been, substantially inferior to the available data for the United States as a whole.

Historically, what this inferiority has meant is that regional economists have had to piece together both their data and their analyses, almost as a joint product. The effect has been to reduce the quantity of research done on regional phenomena, dilute its quality, and retard the progress of learning.

The piecing together of bits of data in order to create economic measurements is, of course, commonly done by economic statisticians. The difference between what is done in order to construct regional data, compared to what is done in the construction of national economic data, is a matter of degree, rather than kind. What this cobbling together reflects is that the Federal statistical system has been erected upon a foundation historically provided by the administrative data collection programs developed by various agencies, including the Internal Revenue Service and the Social Security Administration, supplemented by specific statistical data collection programs.

The apparatus for the production of time series data pertaining to the national economy can be seen as a first graft on a root jointly consisting of the administrative and statistical data collection programs of the Federal Government. The apparatus for the provision of regional time series data represents a secondary graft, a considerably less healthy graft.

I have expressed some of my concerns about the impact of the reduced resources for Federal statistical programs upon the regional economic data that are used in the construction of regional econometric models. However, I am also more generally concerned that the impacts of the budget reductions on Federal statistical agencies will result in a decline in the quality of all macroeconomic statistics, even apart from data collection problems.

A decline in quality can occur because of personnel cuts that have the effect, through attrition or RIF, of either reducing the degree of expertise within Federal statistical agencies, or the amount of research done toward an improvement in the methodologies used. Alternatively, it can occur because of a deterioration in the computational technology employed by these agencies.

In considering either the effects of personnel cuts or any deterioration in computational technology, it is important to recognize that prior to any program reductions or eliminations, certain problems existed. I cannot speak as an authority about the specific effects of personnel cuts. However, it is relevant to my testimony that statisticians and others professionally associated with the production of Federal statistical data have been expressing concern for some time about the recruitment of appropriately trained and interested entry-level people.

The Review of Public Data Use has received and published articles that discuss aspects of the problem, as have also other journals. It seems evident that the reduction in resources for Federal statistical programs will exacerbate the problem of appropriately staffing the statistical agencies.

In the area of computer technology, the fundamental existing problem is that the Federal statistical agencies have generally lagged in their in-house implementation of the newest software technology, and sometimes also in the installation of adequate hardware. During the past 10 years, the way in which economists, statisticians, businessmen, and others ouside the Federal Government use the computer has been changing radically. The fact of this change has been well reported by the media in a spate of recent stories about the new micro computers, among other stories. Essentially what has happened is that advances in software design, together with machine improvements, now permit the person who is not a computer programer to use the machine for both data retrieval and analysis.

For example, in the field of economics, computer-resident on-line economic data base systems have been developed that offer both convenient access to substantial bodies of economic data and sophisticated analytical capabilities. These systems usually can be addressed interactively by a telecommunications terminal over an ordinary voice grade telephone line. In order to invoke the various user options, they each tend to feature a high-level, verbal-mathematical quasi-natural command language.

This great leap forward certainly has not passed the Federal Government by, but neither have its statistical agencies noticeably been in the vangard of the development of the new software and systems for data storage, distribution, and analysis.

Generally, the Federal agencies have depended upon commercial vendors for data base system services, while the statistical agencies, with one or two important exceptions, continue to maintain for their internal use systems that represent the state-of-the-art of the late 1960's. The most important exceptions are the LABSTAT data base system, developed at the Bureau of Labor Statistics, and the Decision Information Display System [DIDS], developed as an advanced graphics/cartographics facility for the display of regional U.S. and other data. However, neither of these systems have been developed to the degree they might have been.

One of the effects of the reduction in resources for statistical agencies may be, at best, to prohibit them from making any significant improvement in their computer technology, forcing a continued reliance upon commercial vendors. Unfortunately, the needs of the Federal statistical agencies cannot be fully satisfied by outside vendors. This inability to buy-in the technology reflects both the internal needs of these agencies for quantities of data that cannot possibly be supplied by outside vendors, and the agencies' particular software requirements.

For example, the monthly industrial employment data for States and areas—the BLS 790 data—are collected under a cooperative Federal-State Government program. The operation of this program involves the transmission of considerable quantities of detailed data between the Bureau of Labor Statistics and individual State government agencies, data that are not and cannot be supplied by commercial vendors. The software requirements reflect the particular need for data collection and construction facilities by statistical agencies that tend not to be represented in the more analysis oriented software supplied by commercial vendors of economic data base systems.

Much of what I have said speaks for itself in terms of its implications. However, it needs to be mentioned explicitly that any decline in the quality of Federal statistical data will not be matched by a decrease in the use of economic and social data for economic policy and other decision purposes, whether that decline takes the form of the absence of particular historically produced data or a more subtle decline in the reliability of statistics that continue to be produced. The absence of particular data deemed necessary by businessmen and others undoubtedly will result in the manufacture of these data by private sector vendors. The process of manufacture may involve data collection, in some instances, but it is at least as likely to involve simply the use of other still-existing data and some data construction formula.

In considering the expanded private sector production of data, it is important that we recognize that the process of data collection or even construction can be costly, particularly to the degree that high quality standards are maintained. Furthermore, most people, even many who use data professionally, do not have sufficient expertise to judge the quality of the data they use, at least beyond a certain degree of quality. It is also true that, as a society, we have yet to develop any real standards against which to measure data quality in the case of most economic and social statistics. These considerations cause me to be concerned with the prospect of a significant degree of free-for-all privatization of data production.

I am, of course, part of an industry that supplies data as a principal product. I personally have long been involved in the collection and construction of data. I very much support the position that marrying Federal data with data produced by State government and other organizations yields an improved data base for the construction of regional and other econometric models. I therefore do not mean to imply that the Federal Government should attempt to occupy a monopoly position in the production of data or even attempt to police the private sector producers or distributors. Nor do I mean to suggest that private data producers are not generally responsible.

However, I am saying that one of the important roles the Federal statistical agencies play is that of defining quality standards. Collectively, they are able to play this role for two reasons in particular. First, because of the professionalism they bring to the task. Second, because of the quantity and variety of the statistics they produce.

In summary, I see no reason to expect that a decline in the quality of Federally produced data will be met by a rise in the quality of the data produced by others.

Thank you.

Mr. GARCIA. Thank you. Mr. Schuh is next.

STATEMENT OF G. EDWARD SCHUH

Mr. SCHUH. My name is G. Edward Schuh, head of the Department of Agricultural & Applied Economics, University of Minnesota. That happens to be one of the largest teaching and research departments in agricultural economics in the Nation. I am also president of the American Agriculture Economics Association, which is a professional organization for agricultural economists.

In my comments and in my testimony I try to reflect the perspective primarily of those two positions, but I think it might be useful to know that I have held two previous positions in the U.S. Government, one as senior staff economist of the President's Council of Economic Advisers and the other as Deputy Under Secretary of Agriculture for International Affairs and Commodity Programs. In both of those positions, of course, one is very much dependent upon analyses that are based on data provided by the Federal Government.

Agricultural economists, in general, are dependent upon two main sources of data. One is the Statistical Reporting Service in the U.S. Department of Agriculture and the second is the Agricultural Census. The Statistical Reporting Service has had its programs cut over the last year and just recently announced another long list of cuts in data series. There has been quite a bit of controversy, of course, over whether there would be a 1982 Agricultural Census. I understand now there will be a census. What will not be done is some of the followup surveys and, of course, some of those, like the agricultural finance study, happen to be the ones that generate the information of the most value to the profession.

The association that I represent has an Economic Statistics Committee that works with both SRS and USDA and the Bureau of the Census to help keep those data useful to professional economists. The chairman of that committee has given you a letter. I would request permission to have that made a part of the record.

Mr. GARCIA. Without objection, it will be done.

Mr. SCHUH. Mr. Chairman, I would like to make about three points from my prepared testimony. There are quite a number of examples and discussion in here but let me single out about three points.

The first point is to emphasize the fact that the U.S. economy has become an information society. We are no longer an industrial economy, we are an information economy and there is sort of a certain irony in our having reached that advanced stage of development and then deciding that it was appropriate for us to reduce or cut our statistical data base.

I make the point first that our capability to process data and statistics has grown tremendously. Those data are being put to increasingly better use. I could give you details on the sort of State system of data use that we have at the University of Minnesota that connects the university with county offices and with individual farmers to make the Federal data useful to them, available to them, for improved decisionmaking.

When we begin to cut the data bases that are being put to such productive use, it just seems like we don't realize the point we have reached with our technology and capability to use that data.

The second point I would like to make is the point that Mr. Linden made earlier that statistics and data really are a public good, and they are a public good in two senses. First in the sense that if the Government, if the public sector does not collect them, many of them simply won't be collected. On the other hand, there are certain kinds of data that parts of the private sector would collect in one form or another and what one would have then would more than likely be wasteful duplication of collection of a limited number of data series.

So when one has a public good, it is a proper role of Government to provide that sort of service. The question is what is the optimum amount of data to provide, and to look at that as an investment in its own right.

The third point that I would like to make is to emphasize, when I discuss at the end about the consequences of cutting back some of these data series, I just want to emphasize that we are talking about either weakening or destroying an important stock of capital, and emphasize the point that we are talking about a stock of capital when we are doing this. The data upon which improved decisionmaking is based and the human capability to analyze that data and convert it into useful economic information constitute an important form of human capital for our economy and society.

Now in the kind of cuts we are talking about, I sometimes have the notion that we think: well, we are reducing a current service, and next year we can alter that and be right back in business. That fails to recognize that we are talking about capital; a set of data, the analysts who can produce it, who can analyze it, and who interpret it. And when we destroy that capability it is not something that one builds back tomorrow, just by increasing the data series or the expenditure for that series tomorrow.

I could go into quite a bit more detail on that. I won't. I will just make one final point.

The final point is, it is easy for us to sit here and enumerate all those data series we would like to not see eliminated. I think some of the more important questions though have to do with the data series that really need to be strengthened, where we really ought to be addressing improved data. Two, in particular, I cite in my paper.

The whole issue of soil erosion which is a very important policy issue today and will continue to be a controversial policy issue until we get some kind of data to which people will agree. That is one important series.

The other question is the issue of the productivity data where it is terribly important from a policy standpoint, again, that we understand what is happening to productivity, and what is the source of that productivity. The association I represent in 1980 recommended that that data series be improved. The National Academy of Sciences in 1975 also had a committee that looked at it and recommended that it should be improved. Rather than being improved, it has actually been weakened.

Thank you.

[The statement of Mr. Schuh follows, along with the letter from the Economic Statistics Committee:]

THE IMPACT OF FEDERAL BUDGET REDUCTIONS ON THE UTILITY AND QUALITY OF FEDERAL STATISTICS

Mr. Chairman, my name is G. Edward Schuh. I am head, Department of Agricultural and Applied Economics, the University of Minnesota, and President of the American Agricultural Economics Association. I would like to speak today primarily from the perspective of these two positions. However, I would also like to speak from the perspective of a person who has previously held policy positions in the government, for I served as Senior Staff Economist to the President's Council of Economic Advisers in 1974-75, and as Deputy Under Secretary of Agriculture for International Affairs and Commodity Programs in 1978-79.

Recent budget reductions pose a major threat to the data upon which a great deal of economic research is based. They also promise to seriously limit the ability of policy makers both in the Administration and the Congress to track the economy and to make sound policy decisions. They also promise to limit the ability of private firms and individuals to make sound decisions.

My remarks are divided into two parts. In the first part I will review the uses made of Federal statistics by agricultural economists and analysts at all levels in our society. In the second part, I will attempt to assess some of the consequences of reductions in statistical programs.

USES MADE BY AGRICULTURAL ECONOMISTS AND OTHER ANALYSTS OF FEDERAL STATISTICS

If recent and proposed cuts to Federal statistical programs were not so tragic, there would be a certain irony to them. The United States has passed into a post-industrial information society in which something like sixty percent of our labor force are involved in some information-based activity. We are no longer an industrial society. We are an information society.

The capability to process data and statistics and use them for productive purposes has grown rapidly and gives us a comparative advantage in the international economy. Yet we propose to cut the very base of that comparative advantage. Our society and economy are undergoing unprecedented change, yet we propose to cut the means whereby we could track those changes and thereby propose sensible policies to our body politic.

With this as background, what uses do agricultural economists and other analysts make of Federal statistics? Let me attempt to answer this question in the context of the five different roles that agricultural economists might play: extension economist, teacher, researcher, corporate or private sector economist, and policy analyst or policy adviser.

Extension economist

Extension economists, as you know, conduct adult education programs, largely under the auspices of the Land Grant Universities. Agricultural Extension programs focused in the beginning primarily on farm audiences. Today the Extension Service has taken on a much wider range of activities having to do with rural development and with food stamp and nutrition programs.

Many of these activities require the use of Federal statistics. An important example is to do outlook or forecasting work for farmers. At the time that farmers make their planting decisions, they put a high value on having correct information. The USDA and the Land Grant Universities try to provide an up-to-date analysis of current production and price trends on a continuing basis to farmer coops. They provide this information to producers and other groups in the form of forecasts of what prices and production are likely to be. Producers and other groups make decisions accordingly.

Such outlook information makes for a more rational use of society's resources. It assures that farmers produce the commodities that consumers want. It also assures that commodities produced flow to the proper markets, wherever they may be—here or abroad.

Good outlook information is based on a correct understanding of how the economy works, and on knowledge of past trends and developments in the economy. It is based on past research. It is also based on good economic intelligence. All of these, of course, are based on sound statistics and data.

Teaching

Teaching economics, whether it be in the classroom or in informal extension programs, require a firm grasp of how our economy works. Hence, sound teaching can be no better than the research on which it is based. And sound research requires sound data.

Contemporary teaching depends increasingly on real-life experiences. For economists, this requires data on this or another economy, with sufficient quantitative detail to provide realistic experiences. Realism is generated by models of the economy which are used to simulate real world phenomena such as changes in economic policy, shocks from abroad, bad weather scenarios, etc. With realistic simulations based on up-to-date data, important principles can be illustrated and discussed in a classroom setting. This makes for more realistic teaching.

Research

The basis of the information society this nation has now become is research. It is research which generates the new knowledge or information which is later diffused among members of society for their general use.

Research requires statistics and data. The great bulk of econometric work done in the United states is done by researchers working with data generated by the public sector. Such work requires data on a wide range of variables in the society, and in a timely and accurate way.

A number of points are important on the issue of research. First, the rural sector of America is undergoing unprecedented changes. Just tracking those changes puts unusual pressure on policy analysts and public policy makers. But they must be tracked if public policy is to have any relevance at all. Periods of such rapid change are not the time to be cutting the fiscal support for statistical data bases.

Second, agriculture has experienced a significant increase in instability as agricultural exports have become more important and as monetary and fiscal policy impacts the sector in important new ways. The shift to flexible exchange rates at a time that international markets for capital have become more well-integrated and efficient has caused agriculture to become a sector which has to adjust to the twists and turns of economic policy. This shift in structure places unusual data demands on the system.

Third, significant developments in economic theory, and an incredible increase in the power of computers and other statistical tasks, have greatly increased the amount of statistical data that can be analyzed and processed. The promise of these developments will go begging if we do not have proper statistics and data to use with them.

Corporate and private economists

Free markets have often been described as a system of information. Paradoxically, that system can function properly only if participants in the market are armed with adequate information. It is only if participants in the market can use data to make judgments and then pool these judgments that the market can collectively provide the information needed for private decision making.

The key to an efficient, highly productive economy is to have adquate information widely diffused in the economy. Adequate information, widely dispersed in the economy, makes for more competitive markets. More competitive markets makes for a more efficient use of resources. And a more efficient use of resources makes for higher per capita incomes for all.

It is in viewing the problem in this way that one understands the sense in which statistics and data are a public good, and why it is a proper role of government to pay the costs of them. The benefits of improved data are widely dispersed in society. Few individuals have an interest in paying for them. Hence, it is a proper role of the public sector to see that data are collected and analyzed.

An example from the grain trade illustrates the value of statistics to the private sector. The trade has a well-recognized saying: "It's the USDA data that make the market". Hence, despite the significant private information systems the large grain companies maintain, the market is still influenced fundamentally by the data from the public sector.

A more specific example relates to the recent elimination of one of the planting intentions report. Given the current unsettled conditions in our commodity markets, the elimination of this report was a critical loss. Farmers now do not have an adequate basis for making their decisions on planting and set-aside. Similarly, policy makers have little insight as to what farmers intend to do as a basis for devising more rational policies.

Policy analyst or policy adviser

I can perhaps best illustrate the use of statistics by policy analysts by considering the data and policy analyst groups in the USDA—the Statistical Reporting Service (SRS) and the Economic Research Service (ERS). These two agencies have worked hand in hand over the years—the SRS collecting the data and the ERS doing the analysis and generating reliable economic information. Because of the value of these two agencies they have been viewed as important natural resources, both in Washington and in the nation at large.

This strong economic research tradition was established in the USDA in the 1920s. Despite all the changes in the economy, and especially in the rural sector, the need for these important functions is still quite strong. It is important to note, however, that it isn't just the Executive Branch that makes use of these data and the analyses to which they give rise. The Congress uses them, as do other agencies at both the Federal and State level. The data they generate are also an important part of the international system of data on agriculture.

Policy makers need to be able to track the economy and to know how it is developing. This need to know what is happening is important even with the most market-oriented economy one can imagine. In addition to this monitoring function, policy analysts and policy makers need on a regular basis to examine programs and policy alternatives. The more detail they have on the economy, the more detail they can have in evaluating programs and in developing program alternatives to deal with contemporary problems.

A couple of examples again illustrate the importance of data and of the capability to analyze them. First, there is now much policy controversy over the problem of erosion in United States agriculture—a question frequently formulated in terms of whether or not we are exporting our top soil. Agricultural exports have contributed mightily to strengthening our balance of payments, and are now an important source of income for farm people. Yet surely we would not want the future of our agricultural sector to be sacrificed to those short-term benefits. If we knew there were longer-term deleterious consequences, surely we would change our policies, or devise new policies to deal with the problem. Yet at this point in time we don't really know if erosion is a more serious problem than it was a decade or two decades ago. Nor do we know whether policies implemented over the past 30 years, say, have had any impact on reducing erosion. An important reason we don't have the answers to such questions is because we don't have the data to answer them.

The data series that measures changes in the productivity of United States agriculture is another important example of the lack of a sufficient data and information base to provide a base for improved policy. For longer-term policy purposes, there probably is no more important question than to know the rate at which productivity is growing in American agriculture. Yet analysts cannot at this date provide a definitive answer to that question. More specifically, we don't know whether measured productivity reflects changes in the weather, or changes in the underlying rates of growth in productivity. A committee sponsored by the National Academy of Sciences argued as long ago as 1975 that we needed to better understand the data on productivity if we were to devise proper policies. Yet we propose to reduce our data base rather than to increase it.

Finally, many groups interested in agricultural policy take parity as a policy goal. Our series on parity prices could not be more inadequate for policy purposes. In the first place, there is little or no attempt made to correct for the changing quality of the inputs whose prices are measured in the prices paid index. This gives these indexes an upward bias, which in turn biases downward the parity index.

Similarly, a general parity index is used for agriculture as a whole, whereas the inputs combinations are so different for individual commodities that the index has little relevance for particular commodities. However, policies are defined in terms of individual commodities—not agriculture as a whole. This is an excellent example in which policy makers are neither able to monitor what is going on in agriculture nor able to devise more appropriate policies because of an inadequate data base.

THE CONSEQUENCES OF REDUCED STATISTICAL PROGRAMS

The thrust of most of my comments above has been to argue that we need a stronger statistical and data base, not a weaker one. But in this part of my remarks I would like to examine in more detail some of the consequences of further weakening our statistical capability.

1. *The first, and perhaps most important consequence would be policy makers who are increasingly vulnerable to unenforced decision making.* In the case of agriculture, policy makers will be increasingly unable to understand and interpret the technical, economic and social forces that impinge on national and international commodity markets, on the efficiency and organization of agricultural production, and on the viability of rural communities. The vulnerability will come on two counts: (1) the sheer lack of data and numbers; and (2) the lack of information and analysis which researchers can provide, since data are the raw material of the researcher.

This vulnerability goes beyond the errors in policy that will result from inadequate data and information. Democratic government itself will be at risk, because repeated errors in policy inevitably lead to a credibility problem toward government. It is not happenstance that this country, more than any other, has in the past invested heavily in data and statistics. Such investments are the basis of a free and open society in which policies are established by democratic means. We weaken that basis for public debate at our own risk.

2. Markets will perform more inefficiently, and our rate of economic development will slow.—Information is the key to well-performing markets. This information involves both raw data and the analysis of these data. It is a proper function of government to provide the data and information which helps these markets to do their allocatory function in a more efficient way. The simple truth of the matter is that such data and information are public goods. If the government does not provide them, they simply will not be supplied. The consequence will be unstable and poorly functioning markets.

3. Our research establishment will be sorely weakened.—Researchers who attempt to understand our socio-economic world are strongly dependent on the availability of data and statistics. It is important to remember that such researchers are not located only in universities. They are located in private companies, in government, in all entities in which information has value. It is also important to recognize that research is not just some frivolous output of the researcher himself. Research generates information, and in this modern information society of ours, information has tremendous economic value. Such information is an input into decision making at all levels in society, both public and private.

Weak and inadequate data bases will lower the social rate of return to the sizeable investments we as a society make in research. This loss is not just to those working in the public sector. It applies to those working in the private sector as well. Data and statistics are the raw material of research and analysis. The research and analysis can be no greater than the raw material on which it is based.

4. An important stock of capital will be weakened or destroyed.—The data on which improved decision making is based and the human capability to analyze that data and convert it into useful economic information constitute important sources of human capital for our economy and society. By producing more efficient markets, improved decision making, and a larger stock of knowledge, they yield a stream of benefits and income that flow into the future. They are critical components of the stock of human capital which is so essential to the functioning of a modern economy.

It is difficult to overstate the consequences of weakening or destroying even part of this capital base. Yet, proposed reductions in the Federal statistics base promise to do just that. Budget reductions are forcing the layoff of personnel and the destruction of analytical capability that have been built up over the years. These capabilities will not be rebuilt easily at a later date.

Similarly, the reduction and/or elimination of important data bases have a longer term impact that also reduce or destroy part of our capital basis. The elimination of an agricultural census may sound innocuous enough to the uninformed. And it may sound easy enough to collect the same data some five years hence. Yet the Census is of interest not in its own right only. It is the basis of many other data series. These data series will be greatly weakened without the Census data to base them upon. In a time of rapid change, and when the nation faces important policy questions, it would be difficult to imagine a more misguided decision than one which would weaken this important part of our human capital base.

CONCLUDING COMMENTS

The U.S. economy has been transformed into a post-industrial, information-based society. Our comparative advantage on the international scene lies in that sector. And it is the information-based sectors of our economy that are growing at the fastest rate.

Investments we make in our statistical and analytical capability are investiments in the human capital to serve such a modern economy. Statistics and data are for the most part a public good. They are not a consumption good or a welfare program. Our economy will grow and develop only as we can strengthen our information and data base. In this kind of world, our need is to strengthen our data base, not to weaken it.

University of Florida,
Institute of Food & Agricultural Sciences,
Gainesville, Fla., March 10, 1982.

Representative Robert Garcia,
Chairman, Subcommittee on Census and Population, Committee on Post Office and Civil Service, U.S. House of Representatives, Washington, D.C.

Dear Representative Garcia: As chairman of the Economic Statistics Committee of the American Agricultural Economics Association, an association member of the Council of Professional Associations on Federal Statistics, I would like to express concerns about reductions in Federal statistical programs pertinent to your hearings scheduled for March 16.

Two major sources of statistics utilized by agricultural economists are the Statistical Reporting Service (SRS) of the U.S. Department of Agriculture and the Census of Agriculture from the Bureau of the Census. The orientation of our profession is toward answering practical questions related to U.S. agriculture and rural people. An example of an important question based on SRS and Census of Agriculture data is the determination and causes of productivity changes in U.S. agriculture. The work of most agricultural economists is pragmatic, typically oriented in one of two directions: (1) the analysis and implications of public policy alternatives for agriculture and rural people, and (2) analyses and information directly applicable for the agricultural industry and rural people such as is disseminated through the federal-state experiment station system and cooperative extension service. Both of these are crucially dependent on existing federal statistics.

The Economic Statistics Committee has a history of cooperating with USDA and the Census Bureau in an effort to continually improve data collection and reporting procedures for improved knowledge about the nation's agriculture and rural people. One aspect of this work has been an evaluation of costs and benefits associated with agricultural statistics. The findings suggest a substantial under investment in agricultural statistics. Many of these statistics such as planting intentions by farmers are used by the industry in adjusting their actual plantings in light of these reports. Evidence suggests that the availability of these data vastly improves the operation of the farming system to the benefit of farmers, processors and consumers.

The Census of Agriculture has successfully utilized follow-on surveys to obtain particularly valuable information on selected aspects of agriculture. One of these has been the Farm Finance Survey, evaluated by our committee to be extremely important in evaluating the financial health and structure of agriculture. This survey has been eliminated. The agricultural services survey has also been treated in a similar way. Yet, agricultural service establishments have taken on greater importance in modern agriculture as continually more activities once performed on the farm are now contracted to independent firms. Without inclusion of these establishments in the agricultural census (or in other economic censuses), we are at a loss in knowing how they contribute to agricultural productivity.

The Statistical Reporting Service of the U.S. Department of Agriculture provides much of the information we have about commodities and resources in agriculture. If cuts must be made, consideration should be given to reducing later crop estimates for those with multiple forecasts rather than eliminating some commodities entirely. The information value to an early season forecast typically far exceeds that for a late season forecast. The Statistical Reporting Service has already vastly cut its series on Farm Labor. This was our only current reliable source of information on employment and wage rates in agriculture. It will now be available only for July rather than four times a year. This has critically reduced its value in states such as Florida where the peak employment season is in the winter, a July estimate is of limited value there.

Although much of the Bureau of Labor Statistics data is used by a much wider audience than agriculture, series such as components of the producer price index pertaining to agricultural commodities are of considerable value. We need to be devoting additional resources to updating and improving these data series.

An important consideration to bear in mind is that agricultural statistics, as in the case with virtually all economic and demographic statistics, bear many of the characteristics of a public good and are thus a proper activity of government. And reiterating my earlier comment economic, evaluations of a number of agricultural statistics have suggested substantial underinvestment in these data when comparing the benefits with the costs of obtaining them.

Sincerely,

ROBERT D. EMERSON.
Associate Professor, and Chairman,
Economic Statistics Committee,
American Agricultural Economics
Association.

Mr. GARCIA. Mr. O'Hare.

STATEMENT OF WILLIAM O'HARE

Mr. O'HARE. I am Dr. William O'Hare, senior research associate with the Joint Center for Political Studies. JCPS is a nonprofit research organization focusing on how public policies affect blacks and other minorities and on the role of blacks and minorities in the formulation and implementation of public policies. My concerns, therefore, center on the loss of information about minorities and the poor.

I would like to thank the subcommittee for the opportunity to present the views of our organization on this very important and timely matter. I have provided the subcommittee with some written comments which I would like to have placed in the record. My remarks here will simply highlight some points from those written comments.

Before getting to a few specific examples of how we have been or expect to be affected by budget cuts in statistical programs, I have to say that predictions about specific problems are very difficult at this time because the full range of cuts is not yet known and because of the decentralized and unorganized way in which the cuts occur.

I am certain that many more problems will emerge over the next year as data users learn more about exactly which data series are going to be eliminated, reduced, or delayed and as we learn more about what cuts have already been made but are unknown to us at this point.

Let me provide you with just a few examples of the ways in which the reduction in Federal statistics will affect our program.

One of the subject matter reports issued from the 1970 census provided detailed cross-tabulations of the black population. There were similar reports for other special populations, such as the Spanish-origin population, American Indians, and the low-income population.

The report on blacks was and is continually used by people in our organization; it is probably consulted an average of five times a week, according to our librarian. Due to budget cuts, however, a similar report is not likely to be forthcoming from the 1980 census.

Since there is no other source for the detailed information provided by this subject matter report, we will simply be missing some valuable information about the black citizens of this country. We will also be limited in analyzing the changes in the black population between 1970 and 1980. The same is true for other minorities. This information will be sorely missed throughout the coming decade.

The joint center is actively involved in assessing the effects of the Voting Rights Act and its extension. Our staff in this area often provide advice on redistricting in State and localities around the country. One of the criteria it is appropriate for a jurisdiction to examine in determining new districts, according to the courts, is neighborhood homogeneity or communities of interest. Small-area data from the 1980 census are necessary to determine how well new sets of districts reflect existing neighborhoods or communities, but these data have been delayed and will not be published by the Census Bureau for several more months.

Since redistricting cannot wait, decisions must be made without access to this important information. Recent budget cuts at the Census Bureau can only lengthen the delay in getting out this data and exacerbate this problem.

With the wholesale redesign of public policies by the current administration, JCPS will devote a substantial amount of time and resources during the 1980's to monitoring the effects of new policies on blacks and other minorities. Monitoring of policies and programs will require statistical information routinely provided by the Federal Government. The cutbacks in data in such areas as housing and travel to work, will hamper our ability to assess the new policies. Cuts in the size of samples in certain areas will make what data we do obtain on minorities substantially less reliable.

Finally, I would like to say a word about the elimination of the Bureau of Labor Statistics family budget series. The budget figure for what is called a lower standard of living is extremely useful for those of us who work extensively with the low-income population. The lower family budget figure is a much more realistic measure of minimum income needed to support a family than the outdated and problematic poverty line.

In addition, the BLS budget contains variation by location, so the same figure does not have to be used for high cost-of-living areas like New York and Washington and for the low-cost areas of the rural South.

Let me reemphasize that the examples I have just mentioned are only a small sample of the ways we expect to be negatively affected by cutbacks in the Federal statistical system.

This concludes my remarks. I would be happy to answer any questions the members may have.

[The statement of Mr. O'Hare follows:]

Written Statement by
Dr. William P. O'Hare, Senior Research
Associate at the Joint Center for Political
Studies, Before the
Subcommittee on Census and Population,
Committee on Post Office and Civil Service
U.S. House of Representatives
March 16, 1982

OVERSIGHT HEARINGS ON CUTBACKS IN THE FEDERAL STATISTICAL SYSTEM

I would like to thank this subcommittee for the opportunity to express the views of the Joint Center for Political Studies, Inc. (JCPS) on the impact of recent budget reductions on the utility and quality of federal statistics. This is an issue of deep concern to our organization and I know that other advocates for minorities and the poor share many of our concerns. I commend the subcommittee for taking the initiative to examine the impact of budget reductions in this area.

The Joint Center for Political Studies is a non-profit organization that was established in 1970 to encourage minority participation in the political process. Our recent efforts emphasize the importance of black participation in the formulation, analysis, and implementation of public policies. We engage in a variety of activities including research, analysis, and dissemination of information, in which data from the federal statistical system is used.

It would be rather sad, under any political circumstances, to see the government cutting back the kinds of information only it can provide at the very time when technological advances are rapidly expanding our power to collect and analyze statistical data. But at a time when the society is making massive changes in the ways we address the very real needs of minorities and the poor, cutbacks in public information take on a more ominous meaning.

In order to participate fully in the political process, blacks and other minorities must be able to examine social and economic trends themselves. They must be able to analyze the effects of public policies, propose feasible programs, and argue the merits of alternative proposals. Without access to timely and thorough statistical data, this essential aspect of political participation is lost. And it is lost to those who are being asked to bear the heaviest costs of the restructuring of the society.

The Joint Center has taken as its mission the advancement of just this kind of political participation. We believe that blacks are still largely excluded from the forums in which public policies are conceived, analyzed, and implemented, and we are developing as an institution that we believe will help remedy this situation. Thus we look with special consternation at the elimination of the tools we need to do so.

The Joint Center for Political Studies uses federal statistics in several ways. Our research focuses on major national issues that can be illuminated by use of federal statistical series. We provide information and socioeconomic analysis concerning the black population to the media, public officials, and researchers. We attempt to monitor federal programs such as low-income energy assistance by use of federal statistics. For all of these purposes we draw on social, demographic, and economic statistics from a variety of federal agencies.

I would like to tell you about some of the current or potential problems we are encountering because of the loss of statistics from the federal system. Let me emphasize that this is by no means a complete list but only a sampling.

Census data are a vital source that our Office of Information Resources uses to provide information about the black population to staff and outside callers. We estimate that Census Bureau publications are consulted 10 to 15 times a week in our organization.

But one of the agencies hardest hit by budget cutbacks has been the Census Bureau. The delays in data production as a result of budget cuts have already had an impact on our research program. Many publications and other products that should have been released by now are still "forthcoming" or have been dropped. For example, Chapter C of Volume I, "General Social and Economic Characteristics" PC(1)-C, to be produced from the 1980 Decennial Census, was scheduled to be released on a flow basis beginning in September 1981. So far, none of these reports has been released and none is anticipated for some time. Admittedly, some of this delay can be traced to nonbudgetary reasons, but certainly the loss of some 600 to 900 person/workyears in the most recent RIF and the wholesale reshuffling of other employees has not helped resolve the problem. Furthermore, the Early National Sample (ENS) data, which were supposed to address the gap created by the delay of PC(1)-C reports, have also been delayed.

Many of the Volume II "Subject Reports" from the 1980 census are in jeopardy. This is troubling for those of us concerned with special populations such as blacks, people of Spanish Origin, and the poor. Similar subject reports based on the 1970 Census have been an invaluable tool used widely by the research community. The Subject Report on the Black Population from the 1970 Census, PC(2)-1B, is consulted more than 5 times a week by members of the Joint Center alone. I understand this report has been eliminated from the publication schedule for the 1980 census; its absence will be felt throughout the coming decade.

It is also my understanding that the sample sizes for the questions on migration and travel to work from the decennial census have been cut in half in order to reduce costs. Only half of the responses received will be coded for tabulation. While this reduction in effective sample size diminishes to some extent the reliability of all figures produced, the reliability of figures for minorities, whose numbers in the sample are already small, may be diminished to the point where they lose their utility. The cutback seems particularly unwise after the respondents have already reported the information and the major costs of collecting the information has already been expended. The millions of dollars already spent collecting this information will have been wasted.

We are particularly disturbed to lose information about travel to work, because this is the connection between housing and employment. Segregated housing patterns and shifting employment opportunities make these issues of utmost importance to blacks and other minorities.

I have been told that the size of the monthly Current Population Survey (CPS) sample may be substantially reduced for budgetary reasons. The CPS provides information on topics such as employment, income, poverty, education and voting behavior, which are of vital interest to civil rights and anti-poverty advocates. While reduced CPS sample size will make the data on all populations less reliable, once again, it will particularly affect data on minority groups, for which sample size is already small.

As the members of this committee are well aware, the 1980 census, like each of the past several censuses, undercounted blacks at a much higher rate than whites. It appears that some research into the magnitude and scope of the undercount problem as well as methods to correct the undercount may be deferred. For example, one of the most problematic aspects of estimating the size of the undercount is the unknown number of illegal immigrants. A CPS supplement on the foreign-born and immigration would have provided some useful information to guide assumptions in this area. That CPS supplement was recently eliminated for budgetary reasons. While the basic work in undercount estimation has been or will be completed, some of the more long range research may be lost. Given the pervasive use of census figures, the examination and correction of differential undercounting is imperative.

In another effort to save money, some products from the 1980 census, such as block statistics and metropolitan housing characteristics, are being produced on micro-fiche or computer tapes only, rather than as printed publications. Computerized data present no problem for a large organization with a substantial data processing budget and research staff, but for community organizations operating on a shoestring, disseminating information only in machine readable form effectively means no access.

JCPS is deeply involved in an assessment of the Voting Rights Act and its extension. In conjunction with this, we have an active interest in redistricting at all levels of government. Delays in data dissemination have prevented local and state officials from examining all the information that they are entitled to in deciding on new districts. For example, maintaining neighborhood social homegeneity is a goal in designing districts, but the statistical data needed to make this assessment have been seriously delayed. Since redistricting is a mandatory activity with significant deadlines, the delays have meant that this goal could not be effectively considered in many cases.

Estimates of the voting-age population for congressional districts in 1982 have been completely eliminated. The lack of this information means that assessment of the potential for minority groups to influence elections in certain districts will be less precise.

Another casualty of the budget cutbacks is the planned mid-decade census. In the late 1960s, you will remember, our cities were in turmoil. Civil disruption was occurring in varying degrees in nearly every major city in the country. Public figures at every level of government were clamoring for more up-to-date information, since the majority of data available for cities was from the 1960 Census and nearly ten years old. Leaders wanted better information to shape public policies in response to the "Urban Crisis."

This need for more timely information about cities and urban dwellers culminated in a drive to implement a mid-decade census to provide needed information at shorter intervals than the decennial census. This idea was finally adopted by Congress in the mid 1970s, and planning started for the 1985 mid-decade census.

As you all know, the whole notion of a mid-decade census has now been forgotten. Moreover, other important statistical series, particularly those which could be used to improve public policy as it pertains to cities and minorities, have been reduced. This signal is not lost on the minority community and can be seen as one more instance of second class treatment of minorities.

Other negative impacts of the cutback in the federal statistical program have come to my attention. One of the first casualities of the Reagan administration budget cuts, nearly a year ago, was a statistical program labeled the Survey of Income and Program Participation, generally referred to as SIPP. This survey would have provided valuable information regarding the relationships between income and receipt of various government benefits. But just prior to implementation, after millions of dollars had been spent in designing and pre-testing the survey, it was decided that this survey should be eliminated. The information that would have been produced by SIPP is not available anywhere else.

The Statistical Reporter, formerly published monthly by the Office of Management and Budget (OMB) has been eliminated. The Reporter was a unique and effective vehicle for keeping various arms of the federal statistical community, both producers and users, in touch with each other. Cessation of this publication will make it harder to keep track of who is doing what in federal statistics, resulting in inefficiency within the government and frustration by the public. As the primary statistical resource person in our organization, I know my job will be more difficult without the Statistical Reporter.

I have also heard that the Bureau of Labor Statistics (BLS) Family Budget series is being eliminated. I feel this is a tragedy. The "lower standard of living" budget figure published by BLS is the only realistic figure we have for determining a reasonable minimum income level for maintaining a family. Furthermore, unlike the official poverty definition, which uses one income threshold for all areas of the country, the BLS figures include geographic variation, thus providing some indication of differences in the cost of living around the country.

Another series that is being cut back is the Annual Housing Survey, conducted for the U.S. Department of Housing and Urban Development (HUD) by the Census Bureau. I understand that it is being cut back from an annual survey to one taken every two years. This survey provided much valuable information about housing and the socioeconomic dynamics of metropolitan areas between the 1970 and 1980 census. The on-going nature of this data collection series make it invaluable for analyzing urban dynamics and for guiding public policy decisions.

While some of the effects of reduced statistical output due to budget cuts are already apparent, many of them are still unknown. It is not yet clear exactly how many statistical series will ultimately be reduced or eliminated. I know many agencies are currently grappling with reduced budgets and looking at statistical series as possible candidates for elimination. In other areas, cuts made some months ago are only beginning to be felt.

Many of the reports being eliminated are those most closely tied to issues crucial to minorities. Powerful organizations such as those which service the business community can marshal the funds necessary to purchase special tabulations from the Census Bureau, such as information by ZIP codes, but the poor and minority communities do not have access to such resources. Organizations which have a large research staff and a hefty data processing budget may be able to find other sources of information, such as private data firms, but small organizations such as the Joint Center will have no such choice. Organizations that do not possess the technological means to utilize sophisticated forms of information retrieval such as microfiche and computer tapes will find their access to information limited. What all these limitations mean is that in yet another way, minorities and the poor are being disenfranchised, and at a time when their welfare is being severely threatened.

It is a commonplace of economics that a free flow of information is necessary to a free marketplace, and that the costs of gathering information must be counted in the cost of doing business. If information on the population of the country is no longer publically available, those who cannot afford the costs of gathering information for themselves will be shut out of the marketplace of ideas.

reiterating my earlier comment, economic evaluations of a number of agricultural statistics have suggested substantial underinvestment in these data when comparing the benefits with the costs of obtaining them.

Sincerely,

ROBERT D. EMERSON,

Mr. GARCIA. Mr. Hill.

STATEMENT OF ROBERT B. HILL

Mr. HILL. Mr. Chairman, I am pleased to have this opportunity to appear before you today. I have had the honor of presenting testimony to the House Subcommittee on Census and Population several times over the past decade in my capacities as director of research for the National Urban League and as past chairman of the U.S. Census Bureau's Advisory Committee on the Black Population for the 1980 census. I am currently senior research associate at the Bureau of Social Science Research, a Washington, D.C.-based nonprofit research organization under the direction of Dr. Albert H. Cantril.

I am particularly honored to be able to share with you some of my concerns about the implications of Federal cutbacks on the Government's statistical programs. Since most of my research has been concerned with the social and economic well-being of disadvantaged groups, I would like to focus my remarks on the implications of these reductions on the extent and quality of Federal statistics on the poor and minorities.

Over the past decade important advances have been made in the amount and quality of Government statistics on the poor and minorities. While much Federal data on the black population has existed for some time, the value of data on other minorities, most especially, Hispanics, increased significantly during the 1970's.

For example, the Bureau of Labor Statistics increased the size of the sample of the current population survey in order to produce monthly labor force statistics for subgroups of Hispanics—such as Mexican-Americans and Puerto Ricans—as well as for blacks separately from Asian and Pacific islanders. Other Federal statistical agencies, such as the National Center for Health Statistics, the National Center for Educational Statistics and NIMH's Minority Center also expanded data and research on racial minorities.

Concerning the 1980 census. I was pleased to assist the Census Advisory Committee on Hispanics in its efforts to have the Hispanic origin question shifted from the 5 percent long form used in the 1970 census to the 100 percent short form in 1980. The Black Advisory Committee also supported the Asian Advisory Committee in its efforts to obtain further refinements in the designations of Asians and Pacific islanders in the 1980 census. Those efforts, both of which were successful—I might add primarily because of the responsiveness of the Census Bureau—represent major milestones in the improvement of the quality of census data on Hispanics and Asian-Americans.

Equally significant advances, however, were made in Government statistics on the low-income and poverty populations. The Census Bureau steadily expanded its description of the characteristics of the poor in its very useful Current Population Reports on the low-income population each year. The Department of Health and Human Services continued funding the vital longitudinal survey of 5,000 American families that has been conducted by the University of Michigan since 1968. This panel survey of income dynamics has been one of the most significant ongoing surveys of low-income families ever instituted.

In addition to its oversampling of the poor and minorities, it has made numerous contributions toward a better understanding of the reasons for changes in the upward and downward mobility of low-income families. Another important continuing panel survey is the U.S. Labor Department's National Longitudinal Survey (NLS) that has been conducted by Ohio State since the late sixties. In addition to its oversampling of low-income and minority groups, the NLS survey has also provided some important insights about a number of vexing policy issues, such as reasons for persistent joblessness among black and Hispanic youth.

Finally, with the Department of Health and Human Services plans to launch the Survey of Income and Program Participation [SIPP] in order to provide indepth data on the broad range of cash and in-kind benefits received by low-income groups, it appeared that most of the missing dimensions had been filled.

Unfortunately, the Federal cutbacks have placed the continuity of many of these vital data collection efforts in serious jeopardy. The Panel of Income Dynamics, as well as the Wisconsin Institute for Poverty Research, have been defunded by HHS, while SIPP will never get off the launching pad. And the status of the Labor Department's National Longitudinal Survey is equally precarious.

Furthermore, the extremely vital 1980 census volume II: "Subject Reports on Racial Minorities" are in danger of never being released or in being issued long after the 1980 census. I am also very disturbed about directives—explicit at NIMH, but implicit in other agencies—that research in such vital areas as unemployment, poverty, minorities, and women will no longer be funded by the Federal Government.

At a time when concerns about the status of the poor, minorities and women are increasing in this society, it is unbelievable that the Government would discontinue research that would increase its understanding of how to deal more effectively with them. It should be clearly understood that the problems of the poor, minorities, and women will not disappear with the reduction of research and data about them. On the contrary, they will only escalate.

In order to provide this subcommittee with specific examples of the utility of these data series for my own research, I respectfully request that this executive summary of my latest book, "Economic Policies and Black Progress: Myths and Realities," Washington, D.C., National Urban League Research Department, 1981, be entered into the record.

Thank you, Mr. Chairman.

[The publication referred to was retained in the file of the official hearing record.]

Mr. Garcia. I thank the six of you, but come on now, the Federal Government has said, "Enough with paperwork." Don't you agree that is true? All of you are complaining that that is not the case, that the Federal Government is wrong.

Dr. Renfro. I don't think the issue is a question of paperwork as much as it is people's resistance to what they see as inefficiency in data collection, and the uncoordinated gathering of data by governments. Businesses, and people generally, do want the data that the

Government publishes. Chase Econometrics, and other firms like it, supply literally millions of time series to businesses and others, and we see the demand increasing, not decreasing. The people we sell data to—the business firms in particular—are respondents to Government requests for data on their operations, and I believe that these people are quite conscious that they both provide and require data—they see the connection between not providing data on their operations and not being able to obtain data on the industry and economy of which they are a part. Consequently, they are not adverse to doing some paperwork, but they would like to feel that the collection of data by governments is organized and well coordinated.

In addition, I might add, they do trust the Government data gathering agencies not to divulge sensitive information to others about their operations. Non-Government organizations trying to collect what is seen as confidential data often find it difficult to get that data, even if they are willing to contract to divulge only aggregates that hide the information provided by an individual respondent.

Mr. **Garcia**. Do you agree with the Federal Government's position, the cutback on paperwork?

Mr. **Tunstall**. I don't see it strictly as paperwork at all. I think in the environmental area, where I documented a number of examples, it is not paperwork because we are talking about monitoring of water and air. It is expensive. There is no doubt about it.

But it is not a paperwork burden on the public, per se. In most cases the environmental surveys are expensive because the equipment is expensive, testing and data processing equipment, but that isn't a burden on the public that much. I think it is much more of a burden on the public not to know what are the changes in air quality and in water quality.

Mr. **Garcia**. You come in with your point of view as it deals with the environment and it is absolutely essential. I agree with much of what you have said. I am being facetious obviously in terms of my statement, but isn't it better to do without paperwork and then you don't have to deal with the minorities, and housing and welfare and unemployment? They don't have to worry about the environment and what can go crazy, and business can take off and do what it does best, you know, just go out into the marketplace.

It just seems to me these hearings are important and I ask that question very specifically, whether it deals with the retail sales of Macy's in New York City or whether it deals with the environment or deals with whether we have enough housing in the city of New York or Chicago or wherever the case might be.

I think we are embarking on a very dangerous course with this administration. I don't know if any of you gentlemen were here this morning, but I believe without this data it really is going to cripple us, cripple our ability to plan for the future, and our ability to make certain that we lay the groundwork for our children. That may be a little melodramatic, but the fact is that this administration is just not interested. I am here fighting for the Bureau of the Census, I am fighting for the data because I believe it to be important.

How about Macy's? How are they going to fare?

Mr. **Linden**. Well, Macy's knows what it does in its own locations. I hate to cite an individual company.

One of the continuous processes of being in business—in a large retail business—is "where do you go from here," where is the next location. You require detailed statistical intelligence to make such a decision. If you make a bad decision, that is economic waste. It is a loss for the individual company and also for the economy in general. It is a loss of productivity.

Mr. **Garcia**. You know we have tried today to diversify the groups of persons who have testified. We had the business section, we have had civil rights and other groups involved and the data is extremely important, and it seems that the common denominator among us all is this data, which is absolutely essential for the future of your own projects and research and the professions you are involved in. From economists from the American Express-Sheraton Co. this morning, to environmental and civil rights groups.

Dr. Schuh, we recently held some hearings in Puerto Rico pertaining to agriculture and the fact that the census of the agricultural programs in Puerto Rico will be discontinued. What is your view of this and do you think it will have any impact on Puerto Rico?

Mr. **Schuh**. It will obviously have impact because again one cannot understand these questions without having some kind of data to understand what is going on. Related to that, of course, is the significant reduction in collection of data on wage rates.

It is a perfect example of pooling all of the kinds of things you are talking about. Agricultural workers tend to be some of the poorest in society. We are going to fail to collect data on that so we know how they are doing. In this particular case, the SRS data series is the only series that exists on that. That also happens to be the only establishment survey on employment. It is obviously going to have an impact on what happens to a place like Puerto Rico.

Mr. **Garcia**. Mr. Flemming was here this morning. I don't know if you were here, Dr. Flemming of the Civil Rights Commission, has recently been asked to leave. He was very specific. He said the purpose for these cutbacks, as they related to certain areas, was so the administration does not have to deal with civil rights and they don't have to justify what they do.

Do you have any comments on that? You both are in line with civil rights.

Mr. **O'Hare**. I don't know what is their intent is, but it seems to serve that purpose very well and I think it will make it extremely difficult for organizations like ours and others who are involved in civil rights and monitoring of public programs to assess their effect on low-income and minority populations to make an objective assessment of what is happening to these new policies and new programs.

I think it would serve our best interests to get an objective good assessment of what the impact of these new policies and programs are.

Mr. **Hill**. I get the feeling that they think if you don't have any data the problem will go away. Such thinking is extremely naive. What you are doing is reducing the ability of groups, including the

Government, to monitor the impact of these actions on various constituencies. I think it will boomerang because you have to know about key subgroups in your society and the consequences of policies on them in order to target resources effectively and to develop successful strategies.

These problems will not go away because of the fact that you no longer have data on civil rights or minorities, when, in fact, these concerns are increasing in this Nation. They will not disappear and in terms of making this quite clear, I think we need statistics.

Dr. RENFRO. I can give you an example of the need for statistics. We are noticing in my business that there is a terrific increase in demand for our regional forecasts and analyses.

We interpret this to be an expression of the fact that the economy is changing regionally, both in the short term and in the long term. There have been numerous reports about regional population shifts, the development of the Sun belt, and the declining economies of the Northeast.

Generally, these changes are described in the context of long-term events. However, during the past several years, particularly since the beginning of the Reagan administration, we have seen significant regional effects of national economic policies. As you know, there has been considerable discussion of the need to get the Government out of the economy, and let it work. But the truth of the matter is that the initial effects of this withdrawal policy, the way it is happening, has been to cause substantial regional changes. In large part because of the Federal Reserve Board policies, the economy is being hit hard.

It is important to recognize that the combination of economic policies now being pursued by the various economic policymaking agencies of the Federal Government is providing the economy with a dose of rather bitter medicine. No longer are we even attempting to fine tune the economy; what is occurring, intentionally or unintentionally, represents an attempt to turn the economy 180 degrees in a very short span of time. The effects are regionally distorting; you can see this by looking at the unemployment pattern across the country, by looking at some of the growth areas that are presently reeling from the economic shocks. Even Texas is now having some problems. A consequence of all this has been an increased interest in regional economic data and in analysis based on the available data.

Another issue I want to mention before I forget it is one that you brought up in your original remarks on the paperwork question: The need for coordination between the Federal, and State, and local governments. I am afraid that one of the effects of the cutbacks will be to reduce, or in some cases, preclude cooperation between governments to reduce paperwork.

As you well know, we have governments in this country, not one government, and the States have substantial data collection programs, data collection programs that generally are not used effectively by the Federal Government in portraying the state of the economy or in analyzing economic effects. It is also possible to see these data collection programs as forming part of the paperwork burden, a part that is not addressed by considering Federal Government data-gathering programs in isolation.

In common with many other people, I favor seriously considering establishing a Federal central statistical agency. Having such an agency is particularly important in the context of considering cutbacks in Federal statistical programs. However, I believe that we need not only a Federal central statistical authority, but also a higher degree of cooperation between the State governments and the Federal Government. I can give you a number of specific examples of the beneficial effects of such cooperation.

Mr. GARCIA. If you don't mind, you can get those examples to us in the next few days.

Mr. HILL. With regard to the point about the paperwork, I don't equate getting information you need in order to make proper decisions with burdensome paperwork. The fact is that these governmental actions are going to quadruple the paperwork. For example, if the 50 States will have primary responsibility for food stamps and welfare through block grants, the standardized and uniform regulations that currently exist will be scuttled. Each of the 50 units of government will have to set up separate, inconsistent, and conflicting information systems to be accountable to their own constituency—thus, spiraling the amount of paperwork.

Mr. SCHUH. I would like to make two comments, both of which I have in my paper in one form or another. The idea about turning it back over to the markets and letting the markets do it, the markets depend upon information. That is the only way they work very well. If one doesn't have that information the markets simply aren't going to do it. That is point 1.

The second point that I thought you were alluding to is that democratic Government really depends upon a well-informed body politic. Policies, you know, are going to be correct or inadequte depending upon how firmly they are based on facts and data about what is going on.

All we have to have is a lot of screwed up policies because of inadequate data base and we have a very serious credibility problem with Government. I think it is not just by happenstance that this country more than any other country has historically invested rather heavily in a data base. It is a function of the type of political process we have.

Mr. LINDEN. Quite obvious, not all statistical series are either necessary or are needed in the depth of our investment. But I don't think any one here who is involved with statistics professionally will say that all things the Government does in the way of data collection and publication are absolutely mandatory. But I think when that argument is raised in the present context it can be rather mischievious.

The cut now being executed is not because of the doubtful uses of a particular statistical series, it is being introduced as an economy cut. Nobody will disagree that a certain amount of refinement over time in our statistical library is necessary. We are not saying that all statistics are absolutely invulnerable. Certainly some orderly structured monitoring of statistics is necessary periodically, given the multiplicity of departments and agencies of the Government.

There is always the danger of overkill in statistical data collection. We recognize the danger of overproduction. But that issue should under no circumstances be confused with the problem which we are here to discuss. What we are experiencing now is an across-the-board cut which is mostly indiscriminate, promiscuous, and potentially destructive. It is not selective. It is random guillotine approach.

We are going to delete *x* amount in this department, or that department, and that department, regardless of merit or of differences. It is absolutely nondiscriminatory.

Mr. Garcia. I think this is a magnificent way to end this panel, Mr. Renfro. I would like to thank all six of you for being with us here today.

I would now ask the next panel to assemble at the witness table and begin.

STATEMENTS OF SUSAN S. ADDISS, CHIEF, BUREAU OF HEALTH PLANNING AND RESOURCE ALLOCATION, CONNECTICUT DEPARTMENT OF HEALTH SERVICES; FRANK GAGLIARDI, CHICAGO FIRE DEPARTMENT; D. F. FINN, EXECUTIVE DIRECTOR, NATIONAL ASSOCIATION OF COLLEGE & UNIVERSITY BUSINESS OFFICERS

Ms. Addiss. Mr. Chairman, and distinguished members of the Subcommittee on Census and Population, I am pleased to have this opportunity to testify before you today.

My name is Susan Addiss. I am the chief of the Bureau of Health Planning for the Connecticut Department of Health Services. I am also a member of the American Public Health Association and past chairperson of its action board.

In the sorting out of appropriate responsibilities for Federal, State, and local government, programs have received the spotlight. In the movement to reduce Federal expenditures through this sorting out process it is important to remember that no matter what changes are eventually made we will never be able to measure the effects of these program changes without an adequate data base. This applies to all levels of government.

At the State level, data received from various Federal agencies, in particular the Census Bureau, become the foundation on which State information systems are built.

Statisticians call the population figures that come from the Census Bureau denominator data, and they use them as the base for calculating the rates of various events that occur within the State.

When these rates have been calculated it is then possible for them to compare rates among communities in the State, to compare the State rate with rates in other States and to compare the State rate with the national average for whatever is being measured.

Planners use data to help them set priorities and to evaluate specific programs and their outcomes.

Recent Federal funding cuts for public health programs and the new responsibilities of States for allocation of block grants make it more crucial than it ever was for States to have good data available to them.

Both for planning and for program evaluation, timeliness and comparability are essential. Unfortunately, it is these two requisites that are being affected by budget reductions, making it difficult if not impossible for the States to discharge the new responsibilities being placed on them.

Since, for the time being at least, I direct a State health planning and development agency I would like to give you some examples of projects that we are working on that have been delayed by our failure to receive the small area, age, and race breakdowns contained in the Census Bureau's summary tape file 3.

In order to make recommendations about allocation of health block grants we have to be able to look at age-adjusted mortality rates, income, and risk factors by community and by race.

Based on these and other indicators priorities can be developed about which cities or towns should receive a portion of limited funds available.

During the first cycle of the MCH block grant, lack of any data from the 1980 census resulted in a decision to allocate the cuts equally among all MCH programs.

Now we are rapidly approaching the second cycle of block grants and should be making allocation recommendations during the late spring and early summer so that hearings can be held and community comments can be received.

Even if we receive the summary tape file 3 by April, as we have been promised, however, it will be nearly impossible to complete the necessary analyses in time to develop recommendations for the Department of Health Services.

While we can calculate infant mortality rates by town and race, without STF3 we do not have adequate data about such characteristics of the childbearing population as income and education. This hampers our ability to tailor programs to particular population subgroups.

So there is a real chance that the second block-grant cycle will have begun before we have time to complete the analyses that would show us where the highest risk, lowest income groups are.

For the second year, we may not be able to demonstrate to our citizens that we are spending increasingly limited funds where they will do the most good.

As another example, in almost all States, long-term care is an issue of great concern. In Connecticut, we are fortunate to have been able to develop an automated data base from an annual survey we make of all our nursing homes.

During the next few months the State's legislature and its executive agencies will be asking important decisions about whether to expand payment for home health care, whether to allow the building of more nursing home beds, et cetera.

In order to make these decisions we need to be able to project expected use of nursing homes by different age groups of our increasingly elderly population.

Our own data base tells us how many elderly of each age are in nursing homes. But the 1980 census data we have so far groups ages 65 to 74 and 75 to 84 and lumps all people over 85 together. So we cannot calculate what percentage of our population 85 to 90, for instance, are in nursing homes.

Added to our problem with the lack of timeliness of these age data is the recent decision of the National Center for Health Statistics to postpone the next national nursing home survey until 1983.

This survey, last published in 1979 and containing data for 1976 and 1977, was scheduled to be conducted every 3 years. It is our only source for comparison of the characteristics of patients in our nursing homes and their utilization patterns with those of other States.

As the States implement new demonstration projects in home health care using difference models it will be increasingly important to be able to compare the effects of these programs on nursing home utilization and patient characteristics so that successful projects in some States can quickly be adopted by others.

The proposed 6-year cycle for this survey will lessen the possibility of early adoption of successful models with consequent loss of savings in the overall long-term care system. In Connecticut, at present, nursing home costs represent 50 percent of our title XIX expenditures.

When the first 1980 census data arrived last year it became clear that the population projections we had made from the 1970 census forward were considerably off the mark, particularly in the older age groups.

Rapid changes in population throughout the country have made the lack of timeliness of census reports of great concern. As each decade comes to its close, we trust our projections from the preceding census less and less and, therefore, are increasingly hesitant to make any positive statements about population makeup in our States.

We were looking forward to having a census done every 5 years, as we would then have had a mid-decade correction point. Now that the proposed 1985 census has not been funded, we will face the same problem towards the end of the 1980's that we faced in the late 1970's.

While we all know that death rates from heart disease and from stroke have dropped dramatically over the past few years, there is a less fortunate phenomenon occurring which has not yet received much attention and that is the dramatic rise in deaths from motor vehicle accidents, homicide, and suicide among our young people age 15 to 24.

We have begun to look at years of life lost to these causes of death in this age group and have discovered that on a statewide basis years of life lost have increased as much as 300 percent for some of these causes.

Again, though, without the STF3, we cannot compare towns with each other for single years above age 19 or look at differences in these events by race. We need to be able to do this before we can target educational and other programs at the groups most at risk.

So far I have focused on timeliness, but comparability of data is just as important. The National Center for Health Statistics was making great studies, through its comprehensive health statistics system, towards getting comparable birth and death data from the States to form a national vital events data base.

Much remains to be done, however.

At present, eight States, including California and the District of Columbia, are not in the system. That means they are not submitting birth and death tapes in the uniform format now used by all the other States. Funds for the vital records component of the CHSS system has been virtually held even.

While NCHS is proposing to reallocate its funds to the States next year to improve the quality of data submitted by some of the States now funded at lower levels, it will not be able to provide funding to any of the States not previously funded.

Thus the system cannot be completed and the future ability of States to compare their birth and death rates will be compromised.

Adding to the impact of these gaps in the system is the elimination of the applied statistics training institute program run by NCHS.

In prior years the institute held training courses for State government personnel working with health data. Included were courses for those responsible for preparing the birth and death records for submittal to NCHS under the CHSS system.

Improvements in coding and entry of data were taught along with appropriate and relevant analytical techniques for the data received back from NCHS under the system. These courses helped to insure that States were incorporating improvements in the system as well as analyzing the data by comparable methods.

The elimination of these courses means that new personnel coming on board as a result of vacancies and turnover will not have access to this training with a probable overall deterioration in the quality and comparability of the data submitted.

To sum up, the new focus on the decisionmaking and allocation of decreasing funds at the State level increases rather than decreases the need for a Federal data base which can supply valid data to the States in a timely manner.

The provision of data from the Census Bureau at the city and census tract level is particularly important because the census is the only mechanism for the gathering of these data.

In order to allocate block grant and categorical program funds effectively, States must be able to compare measurements of health status by town, age, sex, race, income and education. They need these data for predicting trends in the future, for setting priorities, and for evaluating and modifying programs.

The current and proposed budget reductions in various Federal data-producing programs severely threaten the States' ability to carry out their new responsiblities.

Continued ability of the Federal Government to provide good data to the States is just as important for those who support the new Federal directions in health policy as it is for those who oppose them.

Without good data the supporters will not be able to prove that the changes in policy were effective and the opponents will not be able to justify their claims that population groups most at risk are being adversely affected.

Mr. GARCIA. Thank you, Ms. Addiss.

We will now hear from Mr. Finn.

STATEMENT OF D. F. FINN

Mr. FINN. I am Francis Finn, chief executive officer of the National Association of College and University Business Officers which represents more than 1,950 institutions, their fiscal and management needs, and I welcome the opportunity to be here because the testimony I present is on behalf of 15 organizations interested in higher education, 12 of them associations that directly represent various types of member institutions.

Much has been said today with which I agree and will just try to give a few comments on the written testimony that we have submitted.

We feel quite concerned with the need for good statistics and would echo the comments that have been made during the various statements today.

Higher education needs much of the same type information.

For a $60 million industry we serve 12 million students and we are interested in their growth from time of birth until they attend college, graduate, and go on into society.

We have over 3,000 campuses and we have nearly 2 million people working in higher education. Changes at the present time in the potential reduction of Federal aid, inflation, what may happen in voluntary support, makes the next few years even more critical and our need to have statistics and prompt information to help plan.

When we think of the data needs there is much general information, that has been commented on, from the Census Bureau and other sources.

I would point out that we use much of this data collected by various government agencies but that one of the most important sources for us is the information collected by the National Center for Education Statistics, especially through their Higher Education General Information Survey which is commonly called HEGIS.

Earlier it was questioned whether this is a paperwork burden. We as an organization, and all of us in higher education, have been quite concerned about the paperwork.

I think we are talking about the efficiency in the needed kind of information and I would commend the Federal Government in this area particualrly with NCES because much of the data that is being collected has been coordinated so it comes directly from information that is available in our own institutional records, so we don't have to keep separate records for Government.

The government collects information that we already have and it is almost a computer printout that is provided. Therefore this is not an additional paperwork burden.

We need this information. It is both useful at the institutional level and at the State level because there has been much coordination as to that information institutions collect is sometimes collected by the State or for the State, used for State purposes and then forwarded to the Federal Government and becomes the basis for either regional or national analysis, in the ability to turn around and serve various institutional needs or State needs when they want to compare one area of the country, one institution, one State to another.

Now, we find the administration is threatening to reduce the collection of financial statistics both in their detail and their frequency and this concerns us.

The data from the surveys are used in comparative studies also, to help various institutions as they develop their own management problems and try to address them to have information from other institutions.

We have just recently completed and are doing annually a community college study in which Federal information is most useful as to it is helping in the management of institutions and these are the same institutions that are supported either directly through various Federal programs or indirectly through Federal-funded student aid.

There is also a potential that the administration has proposed eliminating the collection of faculty salary data. We think this is important because it acts as a barometer when trying to assess the potential impact and the disparity between the academic and the corporate world.

The American Association of University Professors has found that the federally-collectd data has been the basis for them to do analysis and has avoided institutions having to provide data to three or four sources. It is provided the Federal Government which is in turn—three or four different types of groups have used this type of faculty salary data.

There was recently completed a study using a longitudinal data base from the HEGIS surveys covering the fiscal years 1972 to 1978. This was an attempt to look at the impact of Federal policy on the financial condition of the Nation's colleges and universities and could not have been done without the available data.

There has been concern that more support for higher education should come from the private sector. The Council for Financial Aid to Education, which is most interested in encouraging corporate support uses HEGIS data presently available extensively in their efforts to gain corporate support.

If this data is not available to us it will be more difficult to try to interest the private sector in supporting it.

So we have these many different reasons and we believe any reduction in the collection of data for higher education is not in the interest of higher education, either in their own institutional efforts, at the State level or at the national level.

Thank you

Mr. Garcia. Thank you, Mr. Finn.

[The statement of Mr. Finn follows:]

Presented by:

D. F. Finn, Executive Vice President
National Association of College and University Business Officers

We appreciate this opportunity to present recommendations on the data collection needs of higher education on behalf of the national organizations representing all types of institutions: independent colleges, community colleges, state colleges, historically black colleges, small colleges, and research universities.

The Administration is working to reduce the collection of data directly and indirectly through staff cuts, budget cuts, and reduction in required reporting. The data collected by the National Center for Education Statistics through its Higher Education General Information Surveys system faces curtailment in areas of extreme importance to higher education.

The higher education community wishes to emphasize the need for these data and the importance of their continued collection by the federal government. We maintain that the data collected are of extreme importance to the federal government as well as others, and that any less detail or frequency will in fact put an increased burden on institutions and state governments while at the same time reduce the value of the data collected. These data are essential for assessing the impact on and contribution of higher education to issues of national importance, and in gaining both cooperation with and financial support from corporations, foundations, and other nonfederal entities.

IMPORTANCE OF HIGHER EDUCATION TO THE NATION

Higher Education is a major industry in the United States, with current outlays of well over $60 billion annually, a figure equal to or greater than the contribution to the gross national product of such prominent industries as communications, petroleum-processing, agriculture, or automobile manufacturing. It is an industry serving over 12 million individuals in part-time and full-time academic programs on over 3,000 college and university campuses. Through off-campus extension, noncredit continuing education, and community service programs, higher education reaches another 20 million people annually, and has great impact on the productivity and general economy of the nation.

Colleges and universities employ nearly 2 million people, including one-quarter of the nation's scientists and engineers. Universities and colleges perform more than 50 percent of the basic research and 15 percent of the applied research conducted in this country. In many communities, higher education is the single largest employer and the biggest consumer of local goods and services. The nation's colleges and universities serve as the storehouse for information which makes the country technologically strong and as the provider of people to enhance that technological base.

As in any industry of this magnitude and importance, detailed data are necessary to characterize the climate and condition of higher education and to show the impact of federal policy on higher education. Impending federal aid cutbacks, inflation, and potential changes in voluntary support make the next five years crucial for the future of higher education. What happens during these critical years will affect the welfare of the academic and the business worlds as well as the total nation. The academic community currently is faced with the problem of maintaining its standards in light of three external developments: one is the decrease in federal funding; the second is the declining number of 18-year-olds in the population; and the third is the potentially diminished incentive for people to give to philanthropic causes as a result of changes in federal tax laws.

DATA NEEDS

The higher education community and the membership associations serving them need and use data collected by various government agencies. The primary and most directly related source is of course that collected by the National Center for Education Statistics (NCES) through their Higher Education General Information Survey (HEGIS) system.

The HEGIS consists of a coordinated set of surveys designed to collect information on all aspects of higher education which can reasonably and accurately be reported at the institution level. This set of annual surveys--institutional characteristics, enrollment, faculty salaries and fringe benefits, institutional finance, and earned degrees conferred - collects information on the number of institutions and defines the universe of degree-granting accredited postsecondary institutions, tuition charged, information on accreditations held, enrollment at all levels, number, type and field of degrees conferred, and information regarding the financial structure of the institution including revenue and expenditure patterns, fund flow and endowment yields, and expenditures for faculty salaries and fringe benefits.

In addition, the survey package has from time to time requested information regarding physical facilities or student interstate migration. These surveys are coordinated internally and through state reporting agencies to reduce response burden for the responding institution.

DATA COLLECTED ANNUALLY FROM UNIVERSE OF INSTITUTIONS

The data are collected annually on the population of higher education institutions, and are useful at the institutional, state, regional, and national levels for detailed in-depth analysis of the state and condition of the higher education industry as a whole or a collection of specific targeted segments of interest. HEGIS serves as basic industry data to address directly a number of policy issues affecting higher education at all levels of government- federal, state, and local. In addition, HEGIS provides a baseline of information from which data collected on a sample basis can be expanded to provide accurate information on smaller meaningful segments of the population of institutions of higher education and on the national level.

FINANCIAL STATISTICS

The Administration is threatening to reduce the collection of financial statistics both in detail and in frequency. However, financial statistics, including faculty salary and benefit information, are a key item in the evaluation of impact of any federal program or policy change. The detail collected at this point is sufficient to allow analysis of the share of revenue coming from various sources, a very important indicator of vitality which must be monitored annually. The data from the NCES finance survey are used in a number of comparative studies in an attempt to monitor the financial condition of public community and junior colleges in a manner which allows business officers to compare their institutions with public community colleges in general and with specific peer groups as defined by enrollment size. The same types of studies have been conducted in the independent sector to help target institutions which may be headed for financial difficulty in time to possibly reverse that movement.

FACULTY SALARY DATA

The Administration has proposed eliminating the collection of faculty salary data. This important data source has been analyzed extensively by the American Association of University Professors (AAUP) since 1958 for policy purposes, again at all levels from the institution to the federal government. The resulting Annual Report on the Economic Status of the Profession is published in early spring of the academic year to which the data pertain, and the data are used by institutions and states for their budget planning as well as policy planning efforts. The report contains information on pay levels relative to inflation which directly relates to the ability to retain qualified faculty, and on compensation, medical insurance, unemployment taxes, and other fringe benefits such as retirement programs, life insurance, tuition for faculty dependents, and housing, many of which are mandated or impacted by federal regulations. Information is provided as to the impact of the total financial compensation package on the economic condition of the institution and the welfare of the faculty.

Annual faculty salary data are important because they act as a barometer when trying to assess the potential impact of disparity between the academic and corporate worlds. It becomes a critical issue when the corporate salaries continue to rise higher than the rate of inflation while faculty salaries continue to lose in buying power annually. When faculty are enticed away from the colleges and universities in numbers sufficient to greatly reduce the basic research capabilities and reduce the capacity for training new entrants for the profession, the problem becomes one of national concern. The military, for one, monitors faculty salary data in order to try to avoid potential problems in areas involving the national security. There is a constant and significant need for information regarding continuing faculty--upon whom the major research and training burdens fall on an annual basis so that problems such as these can be anticipated.

In conducting the analyses, the AAUP is also highly dependent on data from other government sources: "The National Survey of Professional Administrative, Technical and Clerical Pay" conducted by the U.S. Bureau of the Census, and "Governmental and Civilian Employees" conducted by the U.S. Service Commission are used to historically compare faculty salaries with those of individuals having similar positions and credentials but employed in other sectors of the economy. The monthly Consumer Price Index (CPI) published by the Bureau of Labor Statistics is used to convert the annual CPI into an academic year equivalent in order to realistically evaluate change in faculty salaries in real terms.

Without the faculty salary data and the nonfaculty data for comparison purposes, the Annual Report on the Economic Status of the Profession could not be produced and would deprive the entire academic community of essential information upon which it has based policy decisions over two decades.

HEGIS SURVEYS USED IN COMBINATION

Assessment of Federal Support

To emphasize the importance and use of the data collected through the HEGIS, a recent study was jointly conducted by the American Council on Education and the National Association of College and University Business Officers concerning an assessment of the impact of federal policy on the financial condition of the nations colleges and universities.

The study used a longitudinal data base developed from the HEGIS surveys covering the fiscal years 1972 to 1978. The results of this study indicate that the financial health of higher education can be monitored through the use of these data, that financial difficulty can lead to curtailed educational choice, that public institutions have become less flexible over the period, and the financial condition of institutions of higher education shows signs of decline. The implications of these findings included the fact that the financial condition of institutions of higher education does need to be monitored periodically, and that two potentially devastating events could radically alter the financial condition of these institutions: precipitous enrollment fluctuations and major policy changes in federal and state student financial aid programs. Both possibilities are happening simultaneously - reduction in the number of traditional-college-age youth, and a gross reduction in the federal funds available for student aid programs as well as the potential for reduction in the funds available through state programs because of the simultaneous reduction of funds going to the states.

Because of the potential devastating effect from the interaction of these situations occurring at once - any one of which could have significant impact in a very short time-period on the increasingly inflexible financial structures of some institutions - monitoring of the complete financial picture, including tuition and faculty salaries, must be done on a detailed annual basis. Because NCES is the only place such comprehensive data are available in a continuous form for the population of institutions, it is imperative that the HEGIS surveys be continued at the same level of detail and frequency to allow for the close monitoring of the impact of the massive changes in federal policy as reflected in the budget cuts which are being enacted in all programs affecting higher education. Without this mechanism for data collection, the federal government, particularly the Department of Education, would be without a capability to assess the impact of its own actions on the population which it was established to serve and for which it is responsible.

Obtaining Nonfederal Support for Higher Education

The Council for Financial Aid to Education (CFAE) uses the HEGIS data extensively in their efforts to gain corporate support for higher education. In order to gain the support of corporations it is necessary to both be able to describe higher education as an industry in terms of common understanding such as finance, participatioin, and output/productivity, and to be able to put the school or schools seeking such support into context for which support is being sought as well as into the total higher education context. In writing to and negotiating with the corporate community to obtain financial support for specific sectors of higher education, HEGIS data is essential.

HEP Surveys on Policy Issues

Another data analysis effort utilizing multiple pieces from the total HEGIS survey package to address issues of concern and interest to the federal government is the ACE Higher Education Panel (HEP) surveys. Through this mechanism, a sample of institutions is surveyed on topics of relevant policy interest to the federal agencies and institutions. Recent policy issues addressed through HEP surveys have included Recruitment and Retention of Full-Time Engineering Faculty, Undergraduate Instruction in Science, Engineering and the Humanities, Financial Support for the Humanities, Trends in Financial Indicators of Colleges and Universities, Tenure Practices at Four-Year Colleges and Universities, and The Institutional Share of Undergraduate Financial Assistance.

In order to make accurate and current national estimates or future predictions in each of these areas, HEGIS population data for the corresponding or base year are used. Without these data being in sufficient detail and being available for the entire appropriate higher education population for the years of interest, national estimates simply could not have been made. These efforts have utilized the detailed revenue, expenditure, fund balance, and endowment items from the HEGIS finance survey, numbers and salaries of faculty by rank and tenure status from the HEGIS faculty survey, detailed enrollment and earned degree data, and tuition and extensive institutional characteristics from the HEGIS institutional characteristics survey.

OTHER COORDINATED DATA

The higher education associations use this data extensively in analyses of federal policy on institutions, and to respond to inquiries from Administrative and Legislative staff. To make the data more useful in issue analysis, it is frequently used in conjunction with other data collected on a national scale. These other federal sources include U.S. Bureau of Census population reports, particularly the educational participation and attainment information collected in the October supplements and the monthly labor force analyses done by the U.S. Department of Labor using the monthly census data, and the student characteristics surveys conducted both by the Department of Education on an irregular basis and the longitudinal student surveys conducted by the National Center for Education Statistics. These other data sources allow us to monitor the progress and value of education at the postsecondary level by allowing comparisons between participants and nonparticipants and to evaluate the impact of federal programs and regulations on patterns of enrollment, employment opportunities, and program needs.

EFFECTS OF LOSING THIS DATA SOURCE

If for any reason these data are not collected at the detail, frequency, and breadth that they have been collected in the past, institutions will find themselves facing many more data collection efforts from many sources, each asking the same types of questions but in slightly different form with unique definitions for each item. NCES has worked extremely hard to coordinate the data collection needs of over 50 state agencies and regional education boards in order to reduce the data collection burden. In addition, it has worked extensively with the national associations and agencies to standardize the definitions so that the data collected are both easily compiled from the institution's records as they are most often kept, and its comparability between institutions is high because of the coordinated understanding of the terms used. In addition, NCES has worked to maintain the consistency in format of each questionnaire from year to year in order to help reduce response burden by allowing the institution to routinize their method of response and use that same method each year, e.g. if computerized, the same program will produce the same statistics annually without additional effort. Also, if the institution should change its method of recordkeeping during the year, it will know what data are going to be collected and will be able to prepare for that in the interim rather than wait until the form arrives to see what is required. The high response rate to any of the HEGIS surveys (over 90 percent and these are voluntary) indicates the recognition on the part of the institutions of both the reduced response burden and the need for and usefulness of the data. As 48 of the 50 states coordinate the data collection within their own state in return for getting these data immediately for their own reporting needs, it is obvious that there is indeed a partnership effort between the states and NCES, and that this effort is necessary to respond to the mandate that NCES assist the states in their data collection efforts.

DISADVANTAGES OF DISCONTINUING FEDERAL COLLECTION

If, in fact, NCES is forced to discontinue these vital data collection efforts, undoubtedly others will collect substitute data. This will have the following disadvantages:

1. Lack of continuity in the data collected over time making trend analysis and future projections impossible

2. A disarray of data definitions such that data collected by one source will not be compatible with that collected through other sources and will not allow for the merger of information for a complete picture on any policy issue without a complete data collection effort on that issue
3. A lack of consistent definition of the universe of higher education institutions
4. Greatly increased burden for response on the part of institutions
5. Incomplete data even on small segments of the higher education institution population such as developing institutions
6. Grossly increased costs to the higher education community for the collection of necessary data because of the lack of coordination between collectors and because of having to "re-invent the wheel" for massive data collection and editing efforts.

By having a national data collection effort which serves as the basis for state data collection efforts, two major roles are served: the states have data comparable to other states so that they can do whatever interstate analysis they may need for their own policy planning, and the response burden on institutions is reduced because the same data can be used by local, state, regional, and national planners without having to go back and re-collect similar data in order to prepare required annual reports which must include comparisons to other similar institutions, states, regions, or the nation as a whole. This would not be possible if any entity less than the federal government collected the data and in detail sufficient for the many levels of analysis which are ultimately conducted or if it were collected or published any less frequently than annually. For the same reasons the data collection efforts of the federal government on these basic data needs must include the total population of institutions.

Mr. GARCIA. What about all this paperwork; don't you think it is redundant and don't you think enough is enough and why should the bureaucrats have their way all the time with just oodles and oodles of paperwork? What can we do about it?

Ms. ADDISS. I would make the same argument the previous panel made. This support for data systems reduces paperwork. Also, I think you reach a point where that may not be the most important thing.

If you can't do something as basic as compare infant mortality rate in your own towns or across the State, then I think you have abrogated a public responsiblity to the citizens of the country.

I think also somehow when people say paperwork you think of pieces of paper. Much of the data that we are talking about, that all of us have been talking about all day is kept on tapes and the sharing of it means sending the States a tape or a set of tapes which they then plug into their own data processing centers and run a program against to analyze.

Yes; you have a computer printout, but by the time you have gotten there, a lot of stuff has happened without any real paperwork and the computer printout is what the staff person is actually looking at to analyze.

I am not sure that really there is all that much paperwork involved.

Mr. GARCIA. Thank you.

We will now hear from Mr. Frank M. Gagliardi.

STATEMENT OF FRANK M. GAGLIARDI

Mr. GAGLIARDI. Thank you, Mr. Chairman.

I am Frank Gagliardi. From the municipal level we have two problems. One is in the area of population forecast. The variables that are used in whatever model one wants to use to forecast population gets down to fertility rates, mortality rates, and migration rates.

The annual housing survey done by the Census Bureau and other surveys of that nature is really the only adequate source of comparable statistics at the municipal level.

Fortunately, Chicago is of sufficient size that we can get statistically representative rates out of those surveys.

Discontinuation of that leaves us at serious disadvantage in dealing with the State governments and the Federal Government on what will be the standard set of forecasts.

The State government traditionally has overlooked significant minority populations in utilizing its figures in developing its own forecasts to the detriment of the city.

Also, we happen to be a city whose size is, at least subsequent to the 1970 census, exceeded that of half the States of the Union. We have significantly less information made available to us because we are not a State nor are we a county.

This data is currently being collected by the Federal Government and we would like to have an opportunity to share in that information. If it means the city of Chicago providing the ability to do the computer processing, we would be more than happy to do that. We think it is practical to do it and still maintain confidentiality with regard to respondents.

Mr. GARCIA. What I find interesting and exciting about the three of you is that you are here representing the State, you are here representing cities, and you are here representing a national association, and yet there is no question within the minds of the three of you that the only way we can go through this process is that the Bureau of the Census is really key and absolutely essential to the three of you and yet you are so diversified in terms of where you come from.

In other words, what we are really saying is the State can't assume this responsibility. Is that fair?

Ms. ADDISS. I think that is true. However, somebody else said that having this data has made the political process more civilized. Lack of it or delays in timeliness or loss of comparability is going to make the political process increasingly savage.

We hear people saying that groups are having to fight now against each other for limited funds available, but I think the other thing that is happening is you are going to see political constituencies and political units at State and local levels fighting with each other and the fighting will become very uncivilized because wherever there is not adequate data to rationalize the arguments it is difficult and the more the funds get cut the more savage the arguments will become.

The only way to rationalize the political process is to have valid data that everybody agrees to.

Mr. FINN. I think that is valid data that everybody agrees to, and starting with the 3,000 institutions with which I am concerned, if there are 50 States plus a number of municipalities that are each defining a different set of data collection, then we go mad in trying to compare.

Mr. GAGLIARDI. We don't trust each other enough now. It is clear we do not.

The other thing is in terms of what we are responsible for, we are responsible for dealing with these very same problems at our own level of government. We have problems at the municipal level with inadequate standards of data collection. We have problems at the municipal level with just sharing data across city departments.

We have these very same problems that we are responsible for dealing with and that is where our resources should be dedicated, not to doing the job of the Federal Government and not to doing the job of the State government.

[The statement of Mr. Gagliardi follows:]

TESTIMONY OF FRANK M. GAGLIARDI

Chairman Garcia; fellow members of the committee, my name is Frank M. Gagliardi, and I am currently Director of Research and Planning for the Chicago Fire Department. I have held this position since January, 1981. Prior to working at the Chicago Fire Department I was employed by the Chicago Department of Planning for over eleven years. My work in the Planning Department focused on developing and analyzing statistical information used in the development of housing policy; the preparation of grant applications; population and employment estimates and forecasts; ward redistricting; and general background reports on the City's residents. The primary sources of data for this work were, and still are, the Federal Government, and administrative records from the State of Illinois, Cook County and the

City of Chicago. The following testimony is based upon professional involvement in these activities.

It is my understanding that consideration is being given to reducing and eliminating some statistical information currently provided by the Federal Government. If these reductions go into effect we will know less about changes in the social, economic and health characteristics of our residents; the relative strong and weak sectors of our economy; and fuel production and use in our society.

Over the last ten to fifteen years the Federal Government has taken the lead in providing comparative statistics on a regular basis. These statistics have been useful to every level of government, especially the municipal level, in accomplishing the following objectives: Establishing election districts; identifying major issues in our society; establishing the relative importance of issues among one another; identify alternatives for dealing with major social issues; and evaluating the performance of various programs.

During the 1970's the City of Chicago undertook a program for developing annual population estimates and forecasts for the year 2000. Population estimates were initially prepared for the city as a whole in 1974 and updated annually. During the last half of the 1970's procedures were developed for estimating total population by Census Tract.

These population estimates were derived from data provided by the annual current Population Survey, the 1975 Annual Housing Survey: Chicago SMSA, and by locally derived administrative data on live births and deaths by Census Tract of residence and public school enrollment data. The availability of fertility, mortality and migration data from the Federal Government enabled us to establish reasonable assumptions for developing our population estimates.

These estimates were subsequently used by the City in its review of preliminary 1980 Census data provided in the 1980 Census Local Review program. There is no doubt in my mind that the use of these estimates in the 1980 Census Local Review program inspired extra effort from Census Bureau staff in enumerating the uncounted.

This same data has been used to revise local assumptions on trends in fertility, mortality and migration rates and is beginning to yield population forecasts more appropriate to Chicago and the surrounding area.

Different forecasts are prepared by the Federal Government, the State of Illinois, Regional Planning agencies and the city of Chicago. With the availability of fertility, mortality and migration rates for Chicago's minority populations from the Federal Government, we have been able to fight, with limited success, for a more accurate forecasting process for the City.

Population estimates are used in allocation of government funds as well as in redistricting. Population forecasts are being used more and more in allocating funds for capital improvements. The methods and procedures for developing this data are a highly charged political process. The availability of uniform statistics from the Federal Government has greatly civilized this process.

Today's society is more reliant on statistics than ever before. Because of limited financial resources these statistics are more necessary than ever. The City of Chicago has an outstanding request to the Census Bureau to provide annual statistics on the number of business establishments by SIC code, their sales volume, number of employees, payroll, etc. These data are currently provided for every county in the County Business Patterns Report published by the Census Bureau. Since Chicago is not an incorporated county, the statistics are not currently provided to us. A program to generate these statistics for large cities, which are not also counties, was proposed a few years ago but was not implemented for lack of funds. Without these statistics we have no adequate alternative source of data to monitor the business sector of our local economy.

In the short run, cutting statistical programs might seem an economy move, but in the long run it will be more costly. Collection and processing of these statistics can only be accomplished at the Federal level. Neither municipal nor state governments have the resources to perform these tasks. Performance of these tasks at the Federal level enables both geographic and historical comparisons not otherwise possible. These statistics allow government at all levels to operate more efficiently. They provide the objective basis necessary in evaluating policies and programs. The ignorance resulting from their demise can only lead to abuse in allocation diminshing resources to our cities.

Mr. GARCIA. One of the points I would like to make as we close this hearing—and I imagine we will be holding some additional hearings, getting some other points of view as well, but I hope that those of you who are here would make it very clear to those Members of Congress about the absolute need for the statistics and what they mean in Connecticut, or the State of Illinois, the city of Chicago, or for Mr. Finn's association.

It seems to me people are going to pick up on your issue of higher education. You see stories in the papers about moneys that are needed for higher education and the constituencies of both health and the infrastructure—the city services are always there but I think how we get to aid those services is through statistics and data. That is something that nobody really pays attention to. It is taken for granted.

To bolster our arguments, as self-interested persons in those areas where we are professionals, please get the message back and make sure that people know that this is a fight and a crusade that we take quite seriously. We are not going to be able to do it alone. We are going to need a great deal of help.

Mr. **Ferrell**. Mr. Chairman, before you close the hearing I just wanted to publicly acknowledge and thank the Council on Professional Associations on Federal Statistics for the help they rendered our staff.

I would like to give thanks to Catherine K. Wallman, the council director, and Helen Peck, her able assistant.

If the truth be known, when we thought of this hearing a couple of months ago we weren't really sure which way to turn. We had heard of COPAFS. We knew very little about them, though. Since that time we have come to respect them and are very impressed with the network of groups they tapped in helping us put together the witnesses who came before the subcommittee.

As a staff member, I appreciate that. You took a great burden off of me and I hope we can call upon them again for additional assistance.

Mr. **Garcia**. Just let me add my 2 cents to that, if I may. I really think the hearings today have been outstanding and I think we have gotten tremendous data and tremendous testimony to support the arguments we are going to have to be making over the next couple months.

I know some of you traveled from very distant places to be here today to give your support and testimony. On behalf of the committee I would like to thank all of you for being here today.

With that, we will adjourn the meeting. Thank you.

[Whereupon, at 3:25 p.m., the subcommittee was adjourned.]

U.S. House of Representatives
COMMITTEE ON POST OFFICE AND CIVIL SERVICE
SUBCOMMITTEE ON CENSUS AND POPULATION
601 HOUSE OFFICE BUILDING ANNEX 1
Washington, D.C. 20515

TELEPHONE (202) 225-6741

Dr. Alice M. Rivlin
Director
Congressional Budget Office
House Annex 2, Room 402
Washington, D. C. 20515

March 18, 1982

Dear Dr. Rivlin:

The Subcommittee on Census and Population is concerned that the Administration's budget for fiscal year 1983 proposes significant reductions in funding for data collection, processing and tabulation.

While the cost savings will be minimal, the proposed cuts could serve to deprive Congress, the Executive Branch, and the private sector of essential information required for the conduct of its respective business.

Accordingly, to better understand the implication of these cuts for Congress, I would like to request the Congressional Budget Office to:

1) analyze the revisions in the data collection accounts in the President's proposed FY'83 budget;

2) assess the impact of such cuts on CBO's ability to prepare cost estimates and program analyses for Congress;

3) analyze the impact of such cuts on CBO's ability to estimate costs of Congressional initiatives to states and local governments;

4) analyze the impact of cuts in data collection and tabulation on Congressional decisionmaking; and to

5) assess the implications of these cuts in statistical budgets for the States under the Administration's "New Federalism" proposal.

I trust the questions will limit the amount of staff work and will not unduly burden your office.

In addition, I would appreciate having your response as soon as possible. If your staff has any questions concerning this inquiry, please contact Mike Ferrell at 225-6741.

Sincerely,

Robert Garcia

Robert Garcia
Chairman

Congreſs of the United States
JOINT ECONOMIC COMMITTEE
(CREATED PURSUANT TO SEC. 5(a) OF PUBLIC LAW 304, 79TH CONGRESS)
WASHINGTON, D.C. 20510

March 22, 1982

Mr. Michael J. Ferrell
Staff Director
House Subcommittee on
Census of Population
House of Representatives
601 House Annex 1
Washington, D.C. 20515

Dear Mr. Ferrell:

In the recent 1982 Joint Economic Report, the Democratic Members of the Joint Economic Committee expressed their deep concern about the impact of recent budget cuts on the quality, coverage, and continuity of our vital economic statistics. I believe that it would be appropriate to include this section of the Report in the record of your current hearings on Federal statistical programs. Thus, I have enclosed a copy.

Sincerely,

Henry S. Reuss

Henry S. Reuss
Chairman

HSR:pmj

H. SAVING THE STATISTICAL SYSTEM

Recommendation No. 35: Save the Statistical System

Recent budget cuts threaten the quality, coverage, and continuity of vital economic statistics. In most cases, greater attention to the maintenance of the statistical function could preserve data-gathering capability without significant increases in budget cost or burden on the public. We recommend that:

Further cuts in the budgets of the Bureau of Labor Statistics and Census Bureau not be made, since these cuts threaten the integrity of core economic data.

The Administration strengthen the statistical policy coordination function, either by providing it with strong leadership and increases in staffing within OMB, or by establishing a separate Office of Statistical Policy outside OMB.

The Special Analysis of statistical policy in the President's budget, discontinued in 1979, be restored.

The budget cuts enacted for Fiscal Year 1982 and the additional reductions proposed for Fiscal Year 1983 threaten to turn the American statistical system into a shambles.[19] These cutbacks represent a penny-wise, pound-foolish approach, an extreme cause of false economy. Budget reductions leading to deterioration in the quality of the Consumer Price Index could lead to an overstatement of the increase in the cost of living, causing billions of dollars in excessive payments in those entitlement programs covered by escalator clauses. Alternatively, lowered quality of our statistical system could lead to understatement of the rise in living costs, causing millions of citizens to be deprived of the benefits to which they are rightfully and legally entitled. *A priori*, it is impossible to determine if deterioration of the statistical system would be a case of false economy or if it would lead to the deprivation of benefit entitlements, but it is virtually certain that one of these two consequences will result. If Congress wishes to make adjustments in entitlement programs, they should be made after open discussion and debate on the programs themselves, not by the unforeseen and unknown consequences of cuts in statistical budgets.

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[19] Additional discussion is found in "Maintaining the Quality of Economic Data," a study prepared for the Joint Economic Committee by Dr. Courtenay Slater, November 27, 1981.

To date, the statistical agencies have dealt with budget retrenchment in a professionally responsible way, attempting to minimize the damage to our economic data and programs. But the additional cuts in the Fiscal Year 1982 continuing budget resolution and those in the President's Fiscal Year 1983 budget proposal threaten to undermine the cornerstones of our statistical system. The United States was the pioneer in many areas of statistical design, development, and application, and has long had one of the world's best statistical systems. It is now in serious jeopardy. Some data series that are available in other industrialized countries are being discontinued in the United States, and the quality, coverage, and timeliness of other series are being reduced.

There have been several occasions in the past when errors in data led to mistakes in economic forecasting and to policy steps which might not have been taken with more accurate statistics. Serious understatement of inventory accumulation in 1973 and 1974 disguised the unwanted inventory buildup at the onset of the recession, contributing to the underestimation of the depth of the decline. (On a smaller scale, a similar situation arose in the third quarter of last year, when the preliminary GNP estimate showed inventory accumulation at a $17.6 billion annual rate; this was subsequently revised to $24.3 billion and then to $27.5 billion.) In another case, the benchmark revisions of GNP in December 1980 added 8 to 10 percent to the previous estimates of total business fixed investment for 1977 to 1979. Because the greatest underestimates were in the most recent period, the growth rate as well as the level of investment had been underestimated. This in turn led to somewhat erroneous estimates of the causes of our productivity slowdown.

Specific effects of the recent cutbacks in budgets and personnel include:

(1) The Consumer Price Index overstates somewhat the increase in the cost of living over the last decade because the expenditure weights are based on the buying patterns of consumers as determined in a survey of consumer expenditures conducted in 1972 and 1973. Thus, for example, the CPI currently does not take into account the many steps taken to conserve energy in response to the 260 percent increase in energy prices since 1972. To remedy this, the Bureau of Labor Statistics (BLS) has initiated a continuing expenditure survey of current buying patterns, but no funds have yet been appropriated to incorporate the results of this survey into the CPI.

(2) The official measure of the incidence of poverty is misleading, because it fails to take into account "in-kind" income (Food Stamps, housing subsidies, fringe benefits, and other income supplements). The Cesus Bureau and the Department of Health and Human Services had planned a new survey, to remedy these deficiencies, but the survey has been dropped.

(3) The quality of data about State and local areas is being reduced and some series are being discontinued altogether. Improvements had been planned by BLS in State and local unemployment information, used in the allocation of $17 billion of Federal funds. These plans have now been dropped and budget cuts have forced economies which could lead to deteriorating quality and possibly to misalocation of funds. Detailed information on employment and payroll by industry, monthly estimates of retail sales by geographic area, and State and SMSA data from the annual survey of manufacturers will all be dropped by the Census Bureau. Population data used in the distribution of revenue sharing funds will be gathered biannually rather than annually. State and local data will be increasingly important in evaluating the prospects for the "New Federalism" proposed by President Reagan.

(4) BLS monthly surveys on labor turnover and on construction materials requirements will be eliminated. The comprehensive series on work days lost due to stikes will be severely reduced, leaving the United States as the only industrialized country with little information on current strikes. Information on collective bargaining agreements and wage surveys in many key industries, used fequently by both sides in contract negotiations, will also be curtailed due to the severe budget cuts imposed on the Bureau.

(5) Concern among new entrants to the labor force about employment is very high, with the youth unemployment rate of nearly 22 percent. The "Occupational Outlook Handbook" is a valuable, widely used reference for counselors and jobseekers, but the number of occupations covered and the scope of the projections are being reduced.

(6) Discussion and analysis of our productivity decline have been hampered by the fact that the official productivity measures only take into account the role of labor input, neglecting capital, energy, and other factors. In previous years, this Committee has endorsed development of productivity measures for these other determinants of output and of an overall multiple factor productivity index. BLS intends to develop such measures, but their plans have been delayed.

(7) Sample sizes will be reduced in a variety of surveys, including the Consumer Price Index and the Current Population Survey, and other data will be delayed. These changes are not dramatic, but may prove to be the most insidious of all.

The impact of the budget cuts and personnel reductions is exacerbated by the fact that many requirements for the collection or use of statistics have been written into law with insufficient consideration of the cost involved. For example, the preparation of "paperwork budgets," estimates of foreign direct investment required by the International Investment Survey Act of 1976, and per capita income estimates required for the revenue sharing program have all added significantly to the work load of the statistical agencies.

In these times of budgetary stringency, major improvements in our statistical system may be difficult, but we should at least try to hold the line to prevent further deterioration. Steps which could be taken include:

(1) Resumption of the Special Analysis of statistical programs in the President's budget. This was carried out until the Fiscal Year 1979 budget, and it provided at least a partial overview of the statistical program. The Congressional Budget Office could prepare a similar document if the Special Analysis is not resumed.

(2) In budget decisionmaking, attention should be given to the statistical program as a whole, even though the agencies involved are located in many different departments. This would help prevent unintended damage to one specific part of the statistical program arising from disproportionate cuts for certain agencies. For example, under the current continuing budget resolution, BLS has been subject to a 4 percent cut on top of the earlier 12 percent cut. This exceeds the reduction for some of the other major statistical offices, even though BLS publishes key indicators such as the CPI and the employment measures.

Better coordination of statistical policy can be achieved in several different ways. The function of statistical policy coordination can be strengthened in its current location within the Office of Information and Regulatory Affairs at OMB, or moved to another office within OMB, or established as a separate Office of Statistical Policy outside OMB.

(3) Legislation to permit statistical agencies to make shared use of the Census Bureau's Standard Statistical Establishment List (SSEL) under strict confidentiality safeguards should be considered. This list would permit more efficient survey techniques, and reduce both costs and the reporting burden on the public. At the same time, it would improve the quality of the data collected by permitting greater comparability among statistical series collected by different agencies.

Recommendation No. 36: Needed: More and Better Information

The amount and quality of economic, social, industrial, and technological information available today are manifestly inadequate to the needs of modern government, particularly for the formation of sensible economic, military, regulatory, industrial, and productivity policies. Moreover, failure to coordinate the use of existing data and economic models, coupled with political manipulation of key assumptions, has helped undermine the quality and the credibility of basic economic policy decisions, especially with respect to the budget.

In the preparation of this Report, we have encountered again and again situations in which the information needed to answer a vital question of public policy did not exist. For example, we could not predict when or if inflationary pressures due to bottlenecks will arise from the present military buildup, because the data do not exist. We could not, at first, analyze the effects of the Administration's tax program on income distribution, because a model appropriate to this task did not exist until we built one. We could not make a definitive analysis of the effects of diverse policies on the competitiveness of basic industries, because no authoritative source of comprehensive information exists. Our analysis of the fiscal condition of American cities is hampered by a lack of timely information in the Executive branch, and so we have to rely on spot surveys which we conduct ourselves. Likewise, there is no national inventory of infrastructure investment needs, no national assessment of prospects for high technology industries, and nothing remotely resembling a comprehensive evaluation of the effectiveness of labor training programs. And the many economists who have attempted to analyze the sources of productivity decline or the costs and benefits of various regulatory policies know all too well how little information is available.

At the same time, fairly substantial resources have been invested by many agencies of the government in the development of econometric models, many of which bear little relation to each other. The situation described by the Advisory Committee on National Growth Policy Processes to the National Commission on Supplies and Shortages in 1976 still largely holds true today:

> The Departments of Commerce, Labor, Agriculture, and Interior, the Federal Energy Administration, and the Environmental Protection Agency all use econometric models to forecast the progress of the national economy or of narrowly defined sectors of it. These models are written in diverse computer languages and usually cannot "communicate" with each other. Their output is not easily compared; their underlying assumptions about the state and future of the economy vary widely.

More recently, a new problem has emerged: the politicization of econometric forecasting within the government. It is well known that small variations in the rates of growth, inflation, unemployment, and interest rates assumed in projecting Federal expenditures and revenues on a multi-year basis, as required by the congressional budget process, can have a large effect on those estimates and thus on the size of the projected future budget deficit or surplus. Past Administrations largely avoided the temptation to manipulate underlying economic assumptions for political effect. This Administration, faced with a Presidential promise to balance the budget in 1984 and no policies capable of reaching that goal, succumbed in 1981. The result has been a severe deterioration in the credibility of economic forecasting done by the Office of Management and Budget, and a potentially dangerous loss of public confidence in government economic forecasting generally.

On January 19, 1982, the Committee heard testimony on the need for improved information services from Professor Wassily Leontief. Professor Leontief's testimony makes the essential case for a new direction in U.S. statistical policy, and we quote it here at length:

The United States is the only advanced, industrialized country that still does not possess a real, central statistical office responsible for collection, systematic organization, and dissemination of facts and figures pertaining to population, natural resources, technology, and other aspects of the national economy and society. As things stand now, each department and each agency of the Federal and of most local governments compiles data of one sort or another that it happens to need or has needed in the past in connection with the discharge of its administrative or regulative responsibilities. While it collects and publishes more data than any other agency of the government, the Bureau of the Census is not a real central statistical office. Confronted with a giant jigsaw puzzle, economists and statisticians working in the government or private business, as well as those engaged in academic research, spend a large part of their time trying to put its pieces together, that is, to reconcile incompatible figures coming from different sources and to fill as well as they can the gaping holes in the total picture.

What a contrast with the Statistical Organization of Japan or even that of a small country like Norway which has decided recently to discontinue its census because, as it was explained to me, all data needed for government planning, business planning, and independent research are collected, systematized, and brought up to date continuously, month by month and year by year. The compilation of a decennial U.S. Input-Output Table is assigned to a small team tucked away in one of the many bureaus of the Department of Commerce; its printed version consists of two modest 150-page-thick paperback pamphlets. The compilation of the most recent Japanese Input-Output Table was carried out by the combined effort of 13 ministries under the general supervision of a committee of the Counsel of Ministers. The amount of information presented in five hardcover folio volumes containing the Japanese Table is several times larger than its United States counterpart; and it was compiled much faster.

Creation and maintenance of a comprehensive data base would permit a drastic reduction in the amount of guesswork, and one might add, of idle theorizing that is involved in our policymaking process now. But as I said before, providing the requisite data base is not enough. The time has come to take a decisive step by setting up a strong, autonomous research organization analogous to the Congressional Research Service, but more authoritative and much larger, that would provide all branches and agencies of the government with the technical support needed for developing a systematic, coordinated approach to development and practical implementation of national and local, general and sectoral economic policies.

This organization should also be responsible for monitoring, in great detail, developments in all parts of the United States economy, with emphasis on changes in their

> interdependence, and whenever necesssary, on changes in the structure of the world economy. It should be able to identify the existing and anticipate the potential trouble spots. The analytical capabilities of this organization should be engaged not so much in futurist prediction but rather in elaboration of alternative scenarios each describing—with emphasis on sectoral and regional detail—the anticipated effect of any particular combination of national, regional, and local economic policies. This is, in fact, the only means by which the government and the electorate at large would be enabled to make an informed choice among alternative policy actions.
>
> While providing research support to legislators and administrators responsible for the overall direction of national economic policies and assisting in the choice of appropriate methods for their practical implementation, the proposed technical organization should be involved in final decisionmaking only to the same limited extent as is, for instance, the Bureau of Labor Statistics in the Department of Labor, or the Bureau of Economic Analysis in the Department of Commerce. To discharge effectively the responsibilities assigned to it, this independent agency should, however, have a decisive voice in determining the direction and scope of the data-gathering activities of the Federal and, in some instances, on a consultative basis of State and local governments.
>
> The data-gathering and monitoring operations comprising also the formulation of alternative scenarios would eliminate or at least reduce to reasonable proportions one of the most wasteful and futile aspects of the present policymaking process which for what of a better word I call 'adversary fact finding.' Studying the supposedly factual reports contributed by the interested parties, one cannot help but be reminded of testimonies presented by witnesses summoned by both sides before a judge trying to find out what has actually happened in an automobile accident. The policymaking process would be much more effective if it did not imitate a traffic court but rather were modeled along the lines of a formal arbitration procedure. The arbitrator first establishes the relevant facts and only after does he proceed to explore alternative paths toward a workable agreement.

We recognize that his is an ambitious proposal, not consonant with the political realities of the present budget debate. Sooner or later, however, the present crisis will pass, and the time for a serious reexamination of the adequacy of our information base will arrive. We are convinced that the need of the Information Economy for a vastly expanded reservoir of information about itself will then become apparent to all.

Congressional Travel and Tourism Caucus
U.S. House of Representatives
H2-246
Washington, D.C. 20515
(202) 225-3935

March 17, 1982

Dr. Douglas C. Frechtling
U.S. Travel Data Center
1899 L Street, N.W.
Washington, D.C. 20036

Dear Doug:

Thank you for your recent letter and the copy of the Joint Economic Committee Report on the quality of federal data gathering efforts.

I concur in your dismay with the cancellation, elimination or reduction of many valuable research programs. These data are essential to sound decision-making at all levels of government as well as in the private sector. We have sought to bring this issue to the attention of all Caucus members.

I am taking the liberty of forwarding a copy of your letter to the chairmen of the appropriate subcommittees in the House of Representatives. The travel and tourism industry should be encouraged to address this problem -- outline the difficulties that may arise in the absence of such data and disseminate such information throughout the federal government.

Please keep is posted on any other survey cancellations that may impact the travel and tourism community.

Sincerely,

James D. Santini
Chairman

U.S.
Travel
Data
Center

February 16, 1982

The Hon. Jim Santini
Chairman
U.S. Congressional Travel and
Tourism Caucus
U.S. House of Representatives
Rayburn Building, Rm. 2429
Washington, D.C. 20515

Dear Congressman:

I read with dismay the enclosed report by Courtenay Slatter, former Chief Economist of the Department of Commerce, on the declining status of economic data-gathering programs at the Census Bureau.

She maintains the Bureau plans to substantially reduce the monthly data reported on selected service industries, and eliminate the County Business Patterns program.

As the nonprofit research center devoted to the study of travel and tourism in this country, we are quite distressed to hear this. The monthly selected services reports are vital to understanding the response of the hotel/motel, amusement/recreation and car rental industry components to recession, inflation, energy shortages, and other seasonal and cyclical factors. For example, we use these data to project the future role of travel and tourism in the national economy as a source of jobs, income and tax revenue.

The County Business Patterns program is the unique source of data on the travel industry's role and impact at local levels. We have found, for example, that the travel industry is a viable source of economic development for most local areas in this country, and tends to provide counterrecessionary influence that significantly moderates the overall impact of economic downturns.

The Census Bureau recently chose to cancel the 1982 National Travel Survey, a valuable source of data on travel in the American way of life. I hope you will work to reverse any decisions to cut back other statistical programs that improve our understanding of travel and tourism as economic and social forces in our country.

I look forward ot hearing from you.

Sincerely,

Douglas C. Frechtling
Director

United States Senate
WASHINGTON, D.C. 20510

January 27, 1982

Dear Colleague:

We are writing to ask you to join us in developing legislation that would continue and strengthen the collection of data on the geographic distribution of Federal spending.

Since 1968, the United States has compiled data on the distribution of Federal outlays by State, county and large city. Reports on the "Geographic Distribution of Federal Funds" have been published annually by the Community Services Administration for the Executive Office of the President. These reports have been an invaluable resource for Members of Congress and others who want to know the regional impact of Federal activity. The cost of this project has been minimal.

Late last year, OMB decided to terminate this activity. On December 14, 1981, Federal agencies were ordered not to report the data for fiscal year 1981. A copy of that order is attached. OMB proposes to develop the Federal Assistance Award Data System instead. This alternative would at best provide a less comprehensive report that excludes salary and expense payments to Federal employees, Federal procurements and virtually all spending by the Department of Defense.

We believe the OMB decision is a serious mistake that, if unchallenged, would greatly harm the ability of Congress to understand the economic impact of Congressional budgetary decisions in regions, States and localities. We intend to propose legislation that would assure Congress of uninterrupted access to comprehensive and objective information on the distribution of Federal funds.

GAO has therefore been asked to study ways to protect the historic data base from loss and to make the collection of such data even more reliable and useful in the future. The GAO analysis is to include refinement of, but will not necessarily be limited to, the following proposal:

1) GAO would be given the responsibility and resources to compile data on the geographic distribution of Federal funds by State, large city and other appropriate substate area and publish that data for use by Congress and the public.

2) GAO would be authorized, subject to Congressional review, to establish standards by which the Executive Branch would collect that data in a reliable and cost effective way.

3) The Executive Branch would be required to collect that data according to the Congressional standards and provide it to GAO on a timely basis.

4) The appropriation of a modest level of funding would be authorized to establish five regional data analysis centers that could provide public policy analysis of this

data for States and local governments, Members of Congress and others. An executive branch agency would contract with major universities to operate the centers.

GAO has been asked to submit by February 28, 1982 a report on its study, a set of recommendations for continuing the compilation of the geographic distribution of Federal funds, and a draft bill that would implement the GAO recommendations. This approach would permit Congress to act on carefully considered legislation early in this session.

We think you will find the collection of this data to be important to your own state. If you would like to join us in developing and introducing legislation to strengthen the regional spending data system, please notify Donald Campbell (224-3422), John Callahan (224-3344) or Jimmie Powell (224-4718).

Sincerely,

Jim Sasser Don Riegle

Dave Durenberger

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

DEC 14 1981

MEMORANDUM FOR ASSISTANT SECRETARIES/DIRECTORS FOR MANAGEMENT

FROM: Edwin L. Harper
Deputy Director

SUBJECT: Discontinuation of the Geographic Distribution of Federal Funds

As a result of recent evaluations of certain reporting requirements, it has been decided to discontinue the compilation and publication of the Geographic Distribution of Federal Funds, effective immediately. Data should not be submitted for FY 1981.

The Office of Management and Budget will continue to assess existing reporting systems such as the Federal Aid to States and the Federal Assistance Award Data System in addition to the various Census Bureau publications to determine the best approach for providing information on the geographic distribution of federal funds.

3231 Worthington St., N.W.
Washington, D.C. 20015
March 8, 1982

Hon. Robert Garcia
Subcommittee on Census and Population
Committee on Post Office and Civil Service
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Garcia,

Thank you for you letter of February 18 inviting written testimony in connection with scheduled hearings on the impact of recent budget reductions on the utility and quality of Federal statistics.

Because of my background, I will focus my comments on the effects of budget reductions on the quality of Federal statistics. I have a broad knowledge of the Federal statistical system, having been a part of it for over 30 years. Before retiring from Federal service in 1980, I served as Chief of the Statistical Research Division, Bureau of the Census (1968-1973); Chief Mathematical Statistician, Social Security Administration (1973-1979); and Statistical Policy Expert, Energy Information Administration (1979-1980). I am a fellow of the American Statistical Association and served as president of its local chapter, the Washington Statistical Society, in 1978-1979. I am now a statistical consultant and am currently doing work for the Committee on National Statistics, of the National Academy of Sciences, and for the United Nations Statistical Office. I am also a professorial lecturer in the Statistics Department at George Washington University.

The quality of Federal statistics today is, for the most part, high. Background briefings for policy makers, such as those developed for officials of the present administration under the National Indicators System, can draw on reliable and timely data on almost any topic. The statistical programs of the United States and the methods developed for these programs are held in high regard and are used as a model by many countries.

This situation did not come about suddenly or by accident. The "revolution in United States Government statistics," as portrayed so ably in the recent book by Joseph Duncan and William Shelton, resulted from the willingness of the Federal Government to allocate a significant part of its resources for statistical programs to areas that are of primary importance to the quality of statistics: standards, methods research and development, evaluation and professional staff development. Much of this work was done in the individual statistical agencies; however, the Statistical Policy Branch of OMB and its predecessor offices played a major role in fostering the observance of high standards of quality by all of the agencies in our decentralized statistical system.

Today, the ability of the Federal statistical system to maintain this high standard of performance is seriously threatened. This is not because of cuts in specific programs; programs of marginal value can be eliminated and the scope of other programs can be reduced without damage to the quality of what is left. The problem is that disproportionately large cuts are occurring in the areas that will determine quality in the future. The effects of these cuts may not be noticed over the next few months, but over the longer term they are certain to result in a serious deterioration of the quality of statistics. Data used in briefings for policy makers in the next administration may have much less relevance and credibility than those available today. The situation is not unlike that of industrial production; the firm (or country) that fails to invest in modernization--improving quality, developing new products (in this case statistical series) to meet new needs, and applying new technology--loses ground quickly.

Following are some examples of the specific kinds of cuts that lead to the conclusions I have expressed. The list is not meant to be exhaustive, but should be sufficient to define the problem more clearly.

--The Statistical Policy Branch of OMB, as of December 1981, ceased publication of the Statistical Reporter. This monthly bulletin served to inform personnel of statistical agencies and others about important developments in the Federal statistical system: new programs, new or modified statistical standards and policies, methodological advances, etc. There is a moratorium on other publications of the Statistical Policy Branch. As a result, publication of a potentially valuable report of an interagency committee on policies and procedures for the revision of time series data has been indefinitely delayed.

--Funds for the professional career development of employees of statistical agencies, through training and participation in meetings of professional societies, have been drastically reduced. If this situation continues it will damage quality in two ways. First, employees of statistical agencies will have difficulty in improving their qualifications and keeping up with developments in their fields. Second, and more serious in the long run, Federal statistical agencies will no longer be able to attract the best qualified graduates in key fields such as statistics, economics and computer science.

--The decennial census of population serves as a benchmark for many ongoing statistical programs; after each decennial census these programs are redesigned and updated to take advantage of the new benchmark data. Update activities for key programs such as the Current Population Survey and the Consumer Price Index have been delayed because of budget restrictions.

--The revision of the Standard Industrial Classification planned for 1982 has been postponed until 1987. As a result, economic statistics during this period will reflect less accurately the changing structure of United States economic activities.

--The Census Bureau has decided it can no longer maintain and operate its Survey Methodology Information System. This facility for collection and retrieval of information on survey techniques has been available since about 1970 and has been widely used by survey technicians and sponsors in Federal agencies and by survey organizations, many of which conduct surveys for the government. It has had a positive influence on the quality of surveys in the United States and elsewhere, and there is no other facility that can take its place.

--Funds for evaluation of statistical programs have been drastically reduced. It is my impression that the quality of the 1980 Census of Population and Housing was good. If so, it was largely because of what was learned and applied from evaluation studies relating to earlier censuses. The program of evaluation studies for the 1980 Census has been cut back and stretched out. The Energy Information Administration has essentially eliminated funds for validation studies in its FY1983 budget. The EIA Administrator stated in a recent public meeting that "...additional in-depth validations will no longer be necessary."

--According to a statement on its 1982 program reductions, the Census Bureau will make greater use of "estimation" for missing or defective quality information in the import data program, instead of direct contact with Customs Service officials and importers. Also, the area sample survey that would have been used to identify farms missed in the mail portion of the agriculture census has been eliminated.

--As a result of 1982 cuts, the Bureau of Labor Statistics has terminated a program of research to improve state and local area unemployment statistics.

--As a result of FY1983 budget cuts, the National Center for Education Statistics will no longer have funds for external consultation and contracting in its program of methodological research and technical development, and progress in this area will be "severely slowed."

--The Bureau of Justice Statistics has taken several steps that will adversely affect the quality of data from the National Crime Survey. These steps include a cutback in the field reinterview (quality control) program, postponement of interviewer refresher training, and decreased use of in-person interviewing.

--The National Center for Health Statistics has cut back on quality control activities in several of its major surveys, and has cut back its research and development program.

This list should be sufficient to explain my grave concern about the future quality of Federal Statistics. I would also like to point out that budget cuts have resulted in substantially reduced support by Federal statistical agencies to the work of the Committee on National Statistics of the National Academy of Sciences, despite a recent formal evaluation which indicated that these agencies felt they were receiving substantial benefits from the work of the Committee. As a consultant to the Committee, I will refrain from giving an opinion on how this reduced support may affect the quality of Federal statistics; however, I hope the Subcommittee on Census and Population will consider this question.

Thank you for the opportunity to submit testimony for your subcommittee hearings. The quality of Federal statistics has been a matter of lifelong concern to me and to many of my colleagues, and I am grateful for your interest in this subject.

Sincerely,

Thomas B. Jabine

Thomas B. Jabine
Statistical Consultant

Statement for Subcommittee on Census and Population
Post Office and Civil Service Committee
U.S. House of Representatives
March 16, 1982

by
Ida C. Merriam
Former Director of Research and Assistant Commissioner for Research and Statistics, Social Security Administration (retired 1972); Economist, Fellow of the American Statistical Association

I appreciate the invitation to present some general observations on the uses of Federal statistics and the dangers to quality and usefulness that can result from indiscriminate cuts in funds or discriminating cuts that go too deep.

Statistics, and Federal statistics in particular, have become so essential to policymaking and to the operation of many programs, public and private, that they tend to be taken for granted. The measurement of where we are, where we are headed and where we might go, is an integral part of informed public opinion and of responsible legislative and business decisions.

When I started my career in government--with the research staff of the Social Security Board in 1936--the data needed to design different benefit structures and to calculate the costs of a social insurance system had to be pieced together from scattered bits of information, occasional old surveys, a few State studies and by inference from experience in other countries. Gradually, a more adequate statistical system was built up to meet the demands of an increasingly complex society. Works Progress Administration-financed surveys began to give useful data on individual and family characteristics by the end of the 1930's; many were taken over and continued by permanent agencies. The 1940 Census for the first time included information on wage and salary earnings; the 1950 Census was the first decennial census to gather data on total individual and family income. The operation of the social security program, among others, soon provided data and experience that were useful for other purposes as well as those of the program.

To carry out its legislative mandate to study and make recommendations as to possible alternative ways of providing economic security, the Social Security Board and Administration took steps to develop a wide range of statistical data. Early surveys of beneficiaries, when only a small fraction of the elderly population were getting benefits, were followed by nationwide surveys of all aged persons when the program had matured to the point where the great majority of those aged 65 or over were eligible and questions arose as to what groups remained outside and how the circumstances of beneficiaries and non-beneficiaries differed. Such surveys highlighted, for example, the low level of benefits being paid to widows, based on earnings of many years past, and the lack of other resources for most of this group--leading to important changes in the program. They provided data on health needs and expenditures of aged persons that was called for when Medicare was under consideration. From program and budget data, estimates were developed of expenditures under related programs such as workmen's compensation, veterans, civil service and military pensions, and of the protection provided by private employee benefit plans. Statistics on medical care costs for the entire population and the extent to which they were met by private insurance or public programs, grew to become the presently much-used series on national health expenditures. Statistics to measure the adequacy of the social security benefit structure included special budgets for elderly persons and the poverty index developed by the Social Security Administration and now produced by the Census Burea. These and many other areas of statistics were developed for social security purposes but served also to help build a Federal statistical system that now encompasses in some degree information relevant to most major economic and social policy concerns.

It is important to note also a new use--or if not really new, a vastly expanded use--of Federal statistics in recent years. That is the designation in legislation of statistical measures to trigger specific actions--the distribution of Federal funds, eligibility for aid, the dollar amounts of benefits, etc. The results of the decennial census have long been awaited anxiously for use in Congressional reapportionment. They are now anxiously awaited for many other purposes. Such immediate action-triggering applications place special strains and burdens on the statistical system. They also increase the importance of quality and of continuity--continuity of purpose and of technical knowledge.

It takes time to plan, to assemble data, to edit and process and tabulate and publish results. The improvement of statistical sampling and of computer processing methods have shortened the time required, but there is a distinct limit to the amount of compression that is possible without a great loss in quality. An experienced staff can move faster without serious slips than one approaching a task for the first time, and an orderly and continuous training of new staff can increase both productivity and quality. Both have to be paid for. Time for analysis is one of the most important conditions for useful statistics, but one that usually suffers most when funds are limited or sharply cut.

Some statistics are useful on a one-time basis. Most become really meaningful only when repeated over time. The construction of valid series of data takes continuing attention and effort. An off-and-on approach is not conducive to good building. It is partly for this reason that the basic statistical information on which the government relies must be developed in government agencies, not in the private sector nor through grants or contracts.

Continuity is important also to facilitate ancillary uses of data and what might be called the building block approach to Federal statistics. The whole system of national accounts is heavily dependent on segments of information developed for other purposes and in other agencies than the department that puts together the overall estimates. Conversely, analysis of particular problems and construction of useful measures applied to them, can proceed only so far in the absence of more general data and in the absence of a mechanism for joint collection of related pieces of information. The Census Current Population Survey, for example, provides basic trend information on family structure, income and employment; at the same time the survey mechanism allows special supplements that can get more detailed information on the aged in the sample, or the children or the unemployed and relate these to the more general and continuing data. The Survey also provides a sampling frame for surveys paid for by other agencies but with the data collection carried out by Census Bureau facilities and staff. The arrangement is a useful one, but as a result a sudden cut in funds for all agencies puts the Census operation in double jeopardy, faced with the loss both of regular staff and of staff working on contracts with other agencies.

If good statistics take time to produce, how can we hope to have them ready when needed? This, of course, is one of the questions with which every research director and planner must struggle. The answer is partly that a sufficient body of general-purpose data can be analyzed and re-analyzed--particularly if the basic data are retained on tapes that have been well constructed and well documented. Another part of the answer is that the really competent research statistician can look ahead and largely anticipate the need to fill in gaps in existing knowledge in particular areas. The impetus and support for forward planning in other than technical and methodological areas is most likely to come from program agencies that are attempting to evaluate existing programs or proposed changes, whether for expansion or curtailment. Whether at a given time, the researcher can get the necessary funds to start projects that will not be productive for some years ahead is another question. And, circumstances may change and diminish the immediate value of the information he does obtain; but only by such forward thrusts can society hope to have the statistics that are essential for rational responses to pressing problems.

A reduction in the size of the government will not lessen the need for general indicators or for the underlying statistical data and statistical analyses to guide private as well as public planning and action. Nor would the transfer of functions from the Federal government to the States and localities lessen the demand for small area data or the importance of comparable data for the entire nation.

A statistical system is a long-term investment. The pay-off from a particular project may not come for 5, 10 or more years. Obsolescence also may not show immediately, but failure to maintain and to keep current will sooner or later affect productivity and the quality and usefulness of the product, in statistics as in the case of other goods and services. For a short time, the Federal statistical structure can stand even with some pieces missing, either because they are dropped or because they were never developed. But over the long-run, a jerry-built structure will certainly not meet the criterion of cost-effectiveness, even if it is still there.

As knowledge and information become ever more powerful instruments in shaping society's goals and generating the will and the ability to move toward their fulfillment, it would be a tragic short-sightedness to undercut the basic structure that produces an important segment of data and knowledge. No one would deny that some information is trivial or that much that is collected is not adequately used, but what the future requires is a greater commitment to, not a withdrawal from, the maintenance and improvement of the Federal statistical structure.

Statement of Luther G. Tweeten to House Subcommittee on Census and Population U.S. Congress, March, 1982*

As immediate past president of the American Agricultural Economics Association (AAEA), former chairman of the AAEA Economic Statistics Committee, former member of the Census Advisory Committee, former member of the Panel on Statistics for Rural Development policy and author or co-author of four books and nearly 300 published papers and journal articles, my knowledge and use of Federal statistics is extensive. I deal on a day-to-day basis with price and income problems of food, agriculture and rural development, hence I make massive use of price, income, expense, balance sheet, productivity, and other data series dealing with the economic vigor and structure of the food and fiber system.

Several examples can be cited of cases where actual or prospective cutbacks in Federal statistics programs have an adverse impact on the utility, quantity and quality of data. The Farm Finance Survey, normally conducted about every five years by the Census of Agriculture, was terminated. The Survey provides benchmark data for the annual "Economic Indicators of the Farm Sector" published by the U.S. Department of Agriculture. The Survey contains the only detailed, reliable information on the financial balance sheet and off-farm income suitable for analysis by type and size of farm. Data from the Farm Finance Survey provide the only comprehensive information on the Farmers Home Administration and other lenders to resolve such issues as the distribution of Federal subsidies for credit among small, medium and large farms. Farm Finance Survey data also provide basic information to estimate capital gains and economies of size as indicated by the ratio of all costs to all receipts by size of farm. It would be too costly to obtain such data in the Census of Agriculture: the relatively smaller number of respondents in the Farm Finance Survey minimizes respondent burdens of this detailed and rather sensitive questionnaire.

In short, issues of farm income (off-farm income now comprises over 60 percent of the family income of farm operators), credit and cash flow are now of highest priority in the midst of a recession in farming, making the loss of benchmark data due to elimination of the Farm Finance Survey an egregious setback.

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* Luther Tweeten is Regents Professor, Department of Agricultural Economics, Oklahoma State University, Stillwater.

Other statistical programs have received threats of termination or reduced funding. The 1982 Census of Agriculture was nearly cut off from funding. Information from the 1982 Census is basic to virtually all analysis relating to agriculture and provides an important benchmark for publication of annual data. Such information is not available from other sources and cannot be replaced.

Last year the Economic Research Service (ERS) of the U.S. Department of Agriculture was threatened with a 20 percent cut in funding. ERS has not received enough funding in recent years to maintain timely and detailed data sets. This is one reason why such basic series as "Economic Indicators of the Farm Sector: Income and Balance Sheet Statistics" are published with ever longer delay. Furthermore, important components of "Economic Indicators" such as off-farm earnings and investment by farm operators and asset depreciation due to soil losses and other factors are measured with a lack of precision that weakens the entire series.

The need to cut Federal outlays for statistics as well as other areas cannot be denied. But selective expansion as well as pruning is in order.

As a member of the Panel on Statistics for Rural Development Policy (see the report entitled Rural America in Passage. Washington: National Academy Press, 1981), I gained a comprehensive overview of rural data strengths and deficiencies. The interested observer is directed to the full report of the Panel; I emphasize here only a couple of the shortcomings cited in existing rural data systems. Cost of living measures which have become "bread and butter" statistics for urban areas do not yet exist for rural areas. They are sorely needed to measure performance of resource allocation and transfer payments. Billions of dollars of public funds are allocated among communities on the basis of unemployment (and will continue to be by states if not the Federal government under New Federalism), yet the Panel report clearly showed that reliance on unemployment statistics underestimates underutilized rural labor resources and the need for programs to alleviate rural labor force problems. The Panel recommended that underemployment statistics be gathered and used to measure labor force needs.

The issue of adequate statistics is not politically partisan. Reliable and comprehensive information bases on food and agriculture are essential to make sound decisions whether one is a liberal or conservative, farmer or consumer, taxpayer or revenue recipient, public official or private industry employee.

The duplication and lack of additivity in hundreds of independent data gathering efforts of individuals, communities and states highlights benefits of reducing costs and increasing reliability by concentrating statistical data gathering and processing in the Federal government. An information system is a public good which will not be supplied in adequate quantities if left to the private sector alone. Some large farmers and marketing firms can afford to gather or purchase information from private sources, but the traditional family farmer and consumer cannot afford such information. A well functioning economy requires that producers, consumers, voters and public officials be informed so that markets and government can function both effectively and efficiently. Maintaining a data base is a necessary and legitimate function of the Federal government, a function that indeed will not be provided by private enterprise or other entities.

It is necessary to resist budget trimming that arises solely because a specific data system or program lacks an organized and vocal political organization to support it. Programs such as remote sensing by satellite may be glamorous and possess well placed political supporters to maintain them despite lack of usefulness compared to conventional data gathering approaches. On the other hand, statistical programs such as those for rural areas may lack an organized political clientele but nevertheless are vital to decision makers in rural areas. The Economic Development Division in the U.S. Department of Agriculture now remains the sole agency providing comprehensive information following a phasing out of funds for such purposes in Universities and elsewhere.

In conclusion, the productivity of American agriculture and the quality of our food and agriculture data systems are the envy of the world. The former is to no small degree a result of the latter - - quality data have helped individuals, firms and public bodies to make decisions that have made our agriculture the bread basket of the world and our farmers the most productive in the world. To further weaken Federal data systems for food, agriculture and rural development is to weaken agricultural science in general, including work at Land Grant Universities which has been at the forefront of supply-side economics in providing low-cost sources of food production capacity to expand foreign trade, alleviate balance of payments problems, strengthen the value of the dollar and restrain inflation.

Statement of
Dr. Michael W. Traugott
to the
Subcommittee on Census and Population
of the Committee on Post Office and Civil Service
U.S. House of Representatives
March 16, 1982

Mr. Chairman, I am a political scientist currently employed as Senior Study Director at the Center for Political Studies of the Institute for Social Research and Lecturer in the Department of Political Science at The University of Michigan. My area of interest is electoral politics in the United States, particularly in factors which effect political participation and voter turnout. In my work, federal data collections represent a primary resource of some significance; and current plans to curtail some data collection activities will severely inhibit our ability to trace changing patterns of electoral behavior and to monitor progress toward equalizing access to the ballot box across diverse groups in American society.

It is not necessary to discuss at any length the importance of elections and of high levels of political participation in elections before a committee of the Congress. Through a periodic monitoring of levels of public interest and involvement in the political process we obtain an indicator of the health and vitality of our political system and, as importantly, changes in these levels over time. I am sure that we all share the goals of insuring access and maximizing opportunities for participation.

In this process of monitoring levels of political participation, there is a very important and reasonable division of labor which has arisen between federal and nonfederal data collection efforts. When we are interested in measuring the levels of participation - using statistics based upon a denominator consisting of those who are eligible to participate by age and various numerators which measure the numbers of those who actually do - we rely upon various data collection programs of the federal government to supply us with detailed and precise national and subnational estimates. These data are developed in the Bureau of the Census for the United States, individual states, and congressional districts. When we are interested in the attitudinal determinants of this behavior and the consequences of variations in levels of participation for partisan outcomes, we rely upon university-based surveys such as those conducted at The University of Michigan or private and commercial surveys such as those conducted by firms like Gallup, CBS News and The New York Times, and the like. These surveys involve relatively small (compared to the Bureau of the Census surveys) representative national samples which are useful for elucidating national or regional relationships and trends.

There are two places in the federal establishment, both in Population Division of the Bureau of the Census, which are the sources for the basic estimates of who is eligible and who participates. One of these programs is responsible for estimating the population eligible by age prior to each general election, which forms the basic denominator of participation statistics. These estimates are prepared at various levels, usually by race. The November Voting Supplement to the Current Population Survey is the standard source for estimates of the population who are actually registered and who vote in general elections, which become the numerators in these participation statistics. Based upon interviews conducted just after the election with a large national sample of households, this survey supports analysis of levels of participation among small groups in the population - minorities, those employed in various occupations, and even those who vote at certain times of day.

Frequently political scientists test general relationships developed in the smaller data bases back in the larger Bureau data base. An example of this kind of approach occured recently during debate about the effects of early projections by the networks on levels of voter turnout in areas where the polls were still open. It is only in the larger federal data base where anything approaching state level estimates of turnout and turnout effects can be made. As another example of the utility of public use data tapes from the November Voting Supplement, we frequently use attributes of electoral administration in the states to analyze the effects of convenience on levels of registration and voting, by adding state-level characteristics of the electoral environment to the basic information on participation rates and the individual characteristics of the survey respondents.

In the current budgetary squeeze which the Bureau of the Census faces, both of these important data collection programs are in some danger of curtailment. The annual estimation of the population eligible by age within congressional districts is now scheduled for elimination. This will be a serious blow to studies of opportunities for participation in the most frequent and constant form of federal elections. This is a particularly serious blow becomes it comes at a time when turnout levels are declining generally across the system and ought to be monitored more closely.

Of equal concern are the number and variety of proposals which have been made to curtail the data collection activities of the Current Population Surveys, including revision of the sample size and elimination of a variety of the supplements, including the November Voting Supplement. The 1982 survey was targeted fr elimination by the Population Division last fall but apparently was recently given a reprieve through the efforts of the Director. However, it has not received final clearance from the Office of Management and Budget, and it is approaching the time at which detailed planning and administrative arrangements will have to get underway. The program must be kept under careful scrutiny in the next few months in order to insure that it gets into the field in November.

Thank you for the opportunity to make this statement. While this is undoubtedly a time at which difficult decisions must be made about the social value of a wide variety of federal programs, certainly the preservation of basic measures of political participation and popular involvement in political life - which rely in a critical way upon the availability of high quality federal data resources - should be a national priority.

Statement for Subcommittee on Census and Population, Post Office
Civil Service Committee, March 16, 1982

by Margaret E. Martin

Thank you for your invitation to present a statement on the impact of recent budget reductions on the utility and quality of federal statistics. I comment not as a direct user of statistics but on the basis of nearly forty years experience in considering the needs for information together with the means for improving the quality of information and for reducing the burdens and costs of information. The first 30 years were spent in the Statistical Policy Division of the Office of Management and Budget and the last eight years with the Committee on National Statistics, National Academy of Sciences-National Research Council.

IMPACT OF REDUCED RESOURCES

To begin, it must be admitted that there are no easy ways to measure the benefits of information. We can determine the costs, but putting dollar values on the benefits has so far proved impossible. Decisions on cutbacks to accommodate reduced resources are, therefore, made on the basis of informed judgments in an attempt to balance what is known of the uses of the data and possible savings. These judgments are now being made in a large number of places throughout the government. I would like to make some observations on what the end result of this process is likely to be.

Statistics Eliminated

First, and most obviously, some existing data collections will be eliminated. Series or surveys deemed to have the lowest priority will be dropped altogether. In addition to making other economies, each federal statistics bureau has eliminated certain series. Thus, the Bureau of

Labor Statistics has decided to discontinue its monthly series on labor turnover, the data that tell us whether factory hires, quits, and layoffs are going up or down, generally considered an early indicator or short-term economic conditions. The National Center for Education Statistics has dropped plans for a survey of pre-primary education. The Bureau of Justice Statistics will no longer compile the annual survey of criminal justice expenditures and employment. Cuts in the Energy Information Administration were especially severe, so that agency is eliminating a number of series. And so it goes.

Less Accurate

More difficult to observe, at least at first, will be the lowered accuracy of some of the remaining series and surveys. Statistics bureaus will save money, for example, by reducing sample sizes, by reduced training of survey staff, by less followup of nonrespondents, by delays in adjusting series to the 1980 Census data. The lowered accuracy may show up in more variability from month to month in time series, or in wider ranges of confidence limits surrounding important estimates, or in larger subsequent revisions of preliminary data. But some of this lowering of quality will not be readily apparent to many users, since estimates will still be produced.

Fewer Improvements

A very likely effect of stringent budget resources is to reduce disproportionately the research and development that goes into improving the quality of existing data--into efforts either to obtain additional information, more accurate information, or the same information at lower cost. Such forward-looking technical work is essential to maintaining quality and reducing costs, but is likely to be the first to suffer in a budget crunch. Administrators hesitate to devote very scarce resources to activities without immediate pay-offs. One notable example is the decision not to move forward with the Survey of Income and Program Participation (SIPP), a survey for which much planning and developmental work had already been done, which promised to provide a wide range of policy makers with useful information on the characteristics of recipients of various government benefits and to improve the accuracy of the information available on the distribution or income among the entire population.

Less Analysis

Frequently, data once collected are further analyzed to answer specific questions. Sometimes these analyses result in additional data series, such as intercensal population estimates and projections of future population, models of economic activity, or other analytical treatments of the basic data. Examples of reductions in analytic work are: the discontinuance of the BLS work on family budgets; reduction in postcensal population estimates for small areas by the Bureau of the Census (including population estimates for congressional districts); elimination of mid - and long-term modeling and analysis of energy markets by the Energy Information Administration. The Bureau of Economic Analysis issues a leading economic indicators summary, a composite of twelve series, that has become very popular in some economic circles and in the news media. The series making up this index are not under BEA control. With the recent discontinuance of the labor turnover series, the BEA has been forced to substitute the number of new claims for unemployment compensation.

Less Detail

A frequent recourse when funds are cut is to maintain a survey but reduce the amount of detail made available. Money can be saved by using smaller samples, yielding fewer cross-classifications in the published results, or by collecting the information less frequently--collecting information once a quarter or once a year rather than once a month. The National Center for

Health Statistics is reducing the frequency of many of its surveys. For example, the National Health and Nutrition Survey will be undertaken once every ten years in the future, instead of once in every five.

Opportunities for large savings are especially likely to come from reduced geographic detail. Samples can be considerably smaller if only one national set of estimates is needed rather than 50 state estimates or estimates for 250 standard metropolitan statistical areas (SMSAs). In the future, estimates for smaller areas are likely to become more inaccurate, or be much delayed, or disappear entirely. For example, a reduction in the monthly Current Population Survey sample will affect the quality of local area estimates of employment and unemployment.

There are not many weekly or monthly statistics for states and areas to give a quick appraisal of current economic conditions. A reduction in the number, quality, or frequency of series is likely to have a severe impact on the information available locally. To be more specific, the Washington Post included two weekly and 27 monthly series in its Economic Index report of March 8, 1982, for the Washington SMSA or the District of Columbia. Of these, four, referring to the month of January, were BLS price indexes; three, referring to last September, were Bureau of Census retail sales estimates (two of these are being discontinued); and four, referring to December, are estimates of employment and unemployment for the SMSA and the District, estimates that are likely to be less accurate in the future because of reductions in the sample size of the Current Population Survey. Most of the remaining estimates in the list come from local transportation, banking, public utility, and building permit data, some of them eight or nine months old. Federal payrolls and federal employment data are of unique importance in this area but would not be generally available for states and most other metropolitan areas, except on an annual basis.

RESPONSIBILITY FOR INFORMATION

It is possible to argue that the states and localities themselves could fill the gap by producing the information about themselves for which they feel the greatest need. Even if resources are available, time will be needed to build up the necessary expertise in each locality. More important, since it is unlikely that the states and localities will act in concert, the ability to compare one state with another would be lost, or severely compromised. In particular, metropolitan areas that cross state boundaries would suffer.

It is ironic that the information available on state and local conditions is being cut back at the same time that there is a deliberate policy to move some of the policy decisions from the federal to the state level. There is thus greater, rather than less, need for information at state and local levels. At issue is the question of what the federal responsibility should be for providing information that states, localitites, and the general public can use.

Formal economic theories of free competitive markets are based on assumptions that buyers and sellers have adequate information. One of the commonly accepted assumptions on which the American statistical system has been built is that supplying information on how the economy is working in a governmental function, so that all interested persons can have access to the data and markets will work more efficiently. The importance of information for a variety of decision-makers, both public and private, has also been accepted in other spheres--health, education, energy, for example. Thus the statistical centers dealing with these topics have a basic responsibility, frequently specified in their authorizing legislation, to provide information for use of the public as well as for their federal departmental decision makers and program managers. If federal programs are turned over to the states, it does not necessarily follow that the statistics needed to plan and manage those programs effectively (other than data arising from the programs themselves) should also be left to state initiative. Perhaps more data collection than heretofore can be left to states and localities, but steps in this direction should not be undertaken haphazardly.

INTERDEPENDENCE OF STATISTICS

The federal statistical system is interdependent. It is not simply an aggregation of specific data collection and compilation activities. The most notable example, of course, is the national economic accounts. The Bureau of Economic Analysis, which compiles these accounts, collects almost no original data itself. It depends on aggregating thousands of pieces of information from data compiled by others.

Such an activity is particularly vulnerable during a period of retrenchment, since it is the other departments and agencies that are determining whether the component data will be attenuated or dropped entirely. The BEA also relies on data coming from the administration of government programs, particularly tax collections. The annual July revisions in the accounts, for example, rely in part on state-reported wages subject to the unemployment compensation taxes to adjust preliminary quarterly estimates of wages paid. If budget stringencies persuade many state employment security agencies to delay or be less careful in compiling these data, the national income accounts will suffer.

Such interdependencies are cost-saving. They make the statistical system far more economical than if each set of data were compiled without reference to information already available. Not only are statistical resources economized, the burden on the public of answering statistical inquiries is reduced.

These, and countless other examples of interdependence, call attention to the need for joint consideration in allocation of resources. There is need for strong leadership in the federal system so that not only the needs of individual departments and their constituencies are considered. Unfortunately, the organization responsible for supplying such leadership in the Executive Branch has itself been considerably weakened. The statistical Policy Branch of the Office of Management and Budget (recently returned from the Department of Commerce) appears to be at its lowest ebb since its formation in 1939, both in terms of numbers of personnel and in effective authority and stature. Without strengthening this necessary element in the federal statistical system, future deleterious effects are likely to be greater than those immediately apparent from looking at lists of discontinued series.

COLORADO DEPARTMENT OF EDUCATION
State Office Building, 201 E. Colfax
Denver, Colorado 80203
Telephone (303) 839-2212
Calvin M. Frazier, Commissioner

The Honorable Robert Garcia,
  Chairman
Subcommittee on the Census
  and Population
House of Representatives
House Office Building
  Annex #1, Room 601
Washington, D.C. 20515

Dear Representative Garcia:

The Colorado Department of Education is pleased to submit brief comments on "the need for a standardized Federal, national, statistical system."

In a quick survey of the Colorado Department of Education, we found that considerable use was made of Federal census statistical information.

Title I, the new Block Grant, and Senate Bill 38 (State Supplemental Funding for Disadvantaged Students) all use data indicating the number of children below Federal poverty level by school districts for funding distribution.

In the distribution of funds for handicapped children use is made of state population figures and incidence rate for both state and Federal programs.

Library and health service units use several of the census population characteristics for planning and in establishing priorities for delivery of services.

The Adult Basic Education count for distribution of funds is dependent upon the literacy rate as determined in the census.

All of the above data collection would appear to be much more cost effective and quality consistent, if continued by the Federal level, rather than relying upon individual states to collect and and interpret the data.

Individual state compilation would undoubtedly add much more to the 50 states financial cost than what would be saved in Federal funds by the reduction of census information secured.

Sincerely,

Arvin C Blome

Arvin C. Blome, Executive Assistant
Federal Relations

TESTIMONY PREPARED
FOR THE
SUBCOMMITTEE ON CENSUS AND POPULATION
POST OFFICE AND CIVIL SERVICE COMMITTEE
U.S. HOUSE OF REPRESENTATIVES

REP. ROBERT GARCIA, SUBCOMMITTEE CHAIRMAN

IMPACT OF CUTBACKS IN FEDERAL STATISTICAL PROGRAMS

by
Patricia C. Becker
Planning Department
City of Detroit

March 10, 1982

Introduction

Federal statistics are the cornerstone of an information system for local government. They provide knowledge and understanding of what is going on in the city and of how the city compares to others. They establish the City's share of the resources to be distributed by the state and federal governments. They provide comparative benchmarks over time. They determine the apportionment of legislative power. They trigger programs into action, and inaction, as they cross established threshholds. It is difficult to imagine the functioning of government, at any level, without statistical measures of its work and its constituency.

In Detroit, the Planning Department coordinates demographic, labor force and housing statistics, and provides information from these resources to all city departments as well as to a wide variety of outside agencies and groups. Department staff also assist other departments in working with statistics in areas such as health, criminal justice and education. In addition to working with federal statistics, the Department develops information from local administrative files such as assessors' records, building permits, crimes and school membership. Through a technique known as data linking, the local data and federal statistics are often used together in a manner which enhances both and provides significantly greater understanding of the problems and issues at hand.

It is impossible to enumerate a complete list of ways in which federal statistics are used in our work. Suffice it to say that they are integrated into the fabric of what we do. In their various forms--government printed reports, locally printed reports from government-produced tape files, special computer tabulations from those tape files, and in voice from knowledgeable federal staff at the other end of a telephone--federal statistics are in use every day, all day long. With them we answer questions, provide information for grant applications, help students to do their assignments, help high-level city decision-makers understand what is happening and make difficult choices regarding resource allocations, and make the arguments regarding adequate provisions for Detroit's present future.

I would like now to discuss, in some detail, four specific areas within the broad topic of federal statistics. These are GBF-DIME files, journey-to-work statistics, availability of printed reports and data regarding the labor force. All of these are topics or functions which have had some substantial measure of federal government support and all appear to be scheduled for significant reduction or elimination.

Geographic Coding--GBF-DIME Files

Over the past twelve years, substantial funding for geographic coding activities has been provided through support of GBF-DIME files. These files represent maps in the computer, and make it possible to assign geographic codes to any kind of information with which a street address is associated. When they also include coordinates, the geographically coded information can then be presented on a computer-drawn map. GBF-DIME files are required to accomplish data linking, the process by which locally developed data can be used to supplement and update census information.

A DIME file is needed in every urbanized area in the country. Many of the files were first developed in the early 1970's. Most of the rest were done in the late 1970's, in preparation for the 1980 census. The files were created, for the most part, by county or regional planning agencies. Funding in the early phase came from HUD's 701 regional planning program. The later work, creating and updating files for the 1980 census, was funded by the Bureau of the Census out of its decennial census budget. In either case, a significant local match was required to accompany the federal funding.

Now, in 1982, there is no federal funding source for the GBF-DIME files. In many, if not most, metropolitan areas, the files are sitting, dormant and unmaintained, in a state which approximates the local street pattern of five years ago. They need correction and update, and often extension to further portions of their metropolitan areas, but the agencies have no money for the work. Nor does the Bureau of the Census have internal funding, so Geography Division staff can do very little to improve the situation.

Experience in the Detroit area and elsewhere has proved that intelligent planning and decision-making is enhanced by working with data geocoded to the census tract level. For example, a wide variety of programs, both private and public, deliver social services to people in need. By analyzing data at the tract level, planners can determine the geographic location of the needy clientele in order to plan an efficient service delivery system. Then, because people are mobile, through geocoding the residential locations of the client list, the agency can see what shifts are necessary or desirable in the service delivery mechanisms by observing where and how its clientele is moving.

Geographic coding, using GBF-DIME files, also makes possible or enhances the effectiveness of a variety of other programs. Included here are such activities as: tracking mortgage red-lining problems, calculating crime rates, finding older houses needing screening for lead-based paint, estimating population and housing unit counts, planning busing routes for school children and carpools for employers, and tracking private investment through building permit activity. This list is certainly not exhaustive, and new applications for geographic coding arise almost daily.

However, geographic coding is considerably less useful if it is inaccurate due to files in need of correction and if substantial portions of one's territory cannot be coded by computer because new streets and subdivisions have not been included in the machine-readable file. Therefore, I would urge that federal government support be restored and provided on a continuing basis specifically for the maintenance of the GBF-DIME files.

Journey-to-Work

One of the few issues on which most Americans would agree today is that the problems relating to energy are critical to the United States in the 1980's. One major area of energy consumption is the journey to work. As a result, questions relating to the commuting behavior of Americans were one of the most expanded areas in the 1980 census. The number of transportation-related questions was increased from three to seven. Nearly $5 million was spent to code the place-of-work question; even this represented a serious cutback as the coding was done for only half the questionnaires on which the question was asked. Now, after this significant expenditure of money and effort, productive use of the information is in jeopardy because needed funds are not available.

The data set in the journey-to-work subject area falls into two groups of information: characteristics of the commuting trip (how they get there, how long it takes, size of carpool) and the workplace location itself, coded to the tract and block level in urbanized areas. Information on the characteristics of the commuting trip, cross-tabulated by characteristics of the workers and of the jobs, is critical to understanding of how Americans get to work and of how to develop programs to encourage the trip to be made in the most energy-efficient manner.

Information on the place of work is critical to a variety of programs. Simply put, it is the only way to make estimates of the daytime population of geographic areas. This kind of data is needed for a variety of uses ranging from civil defense planning to estimates of markets for retail and service establishments. Equally important is the relevance of place of work information to transportation planning. How can we know what roads, buses, and other facilities are needed in what locations if we don't know where people are going, in their most frequent, regular and predictable travel patterns?

The Bureau of the Census had expected to publish three special subject reports covering detailed transportation data, at a total cost of about $700,000. Further information was expected to be available to local and regional planners on computer tapes and in special printouts, providing very detailed information on home/workplace locations. Between Bureau of the Census and Department of Transportation cutbacks, many of these data delivery plans are on "hold."

Some portions of the package will be made available at a cost; the price for the Detroit urbanized area is estimated at $43,000 to $56,000. Of course, reductions in federal grants to regional planning agencies make it less likely that funds of this magnitude can be found. The result will therefore likely be that the data will not be purchased and used.

Printed Report Availability

Over the past fifteen years, data users have benefited from a revolution in data delivery formats. With the advent of public use summary tapes and microdata files, federal statistics are far more widely available, in greater scope of both subject matter and geography. Microfiche has made possible storage information in so little space that issues of "room" have greatly receded in importance.

Unfortunately, there exists a tendency on the part of both producers and major users to assume that these significant advances directly benefit all users, and that the new forms of information storage can replace the traditional printed report. This is simply not true. Traditional reports are as important as ever, and can not be eliminated or reduced in any major way. If they are, the information is lost. The private sector cannot fill the gap in publications with anywhere near the efficiency made possible by government resources, nor at a price most users can afford.

There are probably only 100 to 150 centers in the country which process federal data on computer tape files and make the information available as needed to general public users. In almost all cases, a charge is made for the information, at a level ranging from just enough to cover processing costs to enough to provide a profit after overhead. A wide variety of users, including students, community based organizations, small businesses and others cannot afford these charges.

Microfiche is a fine form of information storage for use by those familiar with the information. For a user not familiar with the report on fiche, it is almost impossible to "scan" the report, as one might do with a printed document, and locate the needed information. Equally difficult is the task of copying information from the fiche screen to paper; it is hard to read and you can't lay a ruler down on it to maintain the line you are looking at. Some of these problems are alleviated with a microfiche printer, which photographically reproduces the fiche on to paper, but such machines are expensive and their quality of reproduction unreliable, particularly for reading reduced print.

For these reasons, it is extremely important to consider very carefully all proposed reductions in printed reports. With a major effort on the part of data users, the decision to commit the Census Tract Report to microfiche has been reversed. As urban area users refer to this report more often than any decennial census report in print, the proposal to send it to microfiche was ill-advised and we are delighted that we will, in fact, have it in print. Time will demonstrate the validity of decisions to produce other decennial census reports only on microfiche; these decisions, at least, make more sense than that originally proposed for the tract report.

We are worried now about the periodic reports and publications produced by a variety of federal agencies. Deletion of funding for the Statistical Reporter is a mistake. This publication has been the major vehicle for disseminating, to all users, important information in such areas as SMSA definition, population projections, and the like. The federal position seems to be that the users should do more, and depend on the federal establishment less, but how can we do more if we don't have consistent and regular information on the federal decisions that affect what we do?

It is an axiom that information is not information unless it is available to the receiver. Data sitting on computer tape files, in the form of magnetic bits, is not information. Further plans to reduce or eliminate printed reports must be considered in light of the question: how is the information going to be made available to the user? For unless the user can retrieve it, it may as well not have been developed at all.

Labor Force/Current Population Survey

One of the most widely used statistics in the nation is the unemployment rate. Published monthly for the nation, states, metropolitan areas and cities, it is interpreted to define the state of the economy and the relative economic health or illness of one area as compared to another. Many different legislative programs use the rate as a trigger point for funding and/or the number of unemployed persons (determined through application of the rate to a base number) to determine entitlements for funding.

While most of the individual unemployment rate statistics are calculated through a complicated, multi-step formula, the base behind them all is the information collected monthly in the Current Population Survey. In a series of legislative actions during the 1970's, Congress established several programs whose funding depended on this statistic, without regard to whether or not the legislation's data requirements were supported by the information available. Eventually, for this and other reasons, Congress established the National Commission on Employment and Unemployment Statistics, chaired by Sar Levitan. The Commission recommended a significant expansion of the Current Population Survey, along with a sample redesign, aimed at correcting some of the problems it had documented. This was to be done after the 1980 census.

Now, the entire program of improvements is in question. Instead of expanding the CPS sample to provide higher quality statistical information for funding formulas, the sample has been cut. The redesign is delayed. Supplemental studies of critical issues have been eliminated. Funds for research in methods to improve the local estimates calculated through the multi-step formula are not available.

It may be argued that with less money flowing from the federal to the state and local governments under Administration policies, it is less important to provide improved statistical bases for the allocation. I would argue that, on the contrary, it is more important. In an era of scarce resources at all levels, optimum allocation is a must. Optimum allocation can be achieved only with optimum levels of quality in the data used for the allocation.

Other Issues

The discussions above present, in some detail, a few serious situations in federal statistics. There are many others known at this time, and yet others which may emerge in the near future. For example:

Annual Housing Survey. In this program, "annual" will now mean every two years. Corresponding decreases in data collection are being implemented in the SMSA samples. Information on housing costs, energy consumption, financing patterns and household mobility patterns will no longer be reasonably current.

Population Estimates and Projections. No plans have been announced, publicly, for the estimates and projections program for the 1980's. The mandated federal coordination of projections seems to be at a standstill. The official estimates for counties and for revenue-sharing entities have been available since 1975 (dating back to 1973). Will we see 1981 or 1982 estimates? Will needed improvements in the methodology be forthcoming? These estimates have become widely used within states, and should not be terminated.

Mid-Decade Census. The authorized 1985 mid-decade census will not be conducted, even on a sample basis. The rationale offered was that the current programs could provide sufficient information; from the point of view of the small area data user, this is simply not true. Even if it were, the current programs are in jeopardy, as discussed above for the Current Population and Annual Housing Surveys. It looks very much as though we will have virtually no intercensal data in the 1980's.

Delays in Data Availability. The 1980 census is becoming available, piece by piece, nine to twelve months behind the 1970 equivalents. Cutbacks in personnel, via both reductions in force and furloughs, mean less information disseminated to the user community and information delivered more slowly. While this is a serious problem for 1980 census data, it is even more critical as it affects current survey data and other products produced on a periodic basis. To receive 1981 data from a periodic survey in 1984 is less than totally useful, yet that appears to be what will happen.

Training and Promotion. Cutbacks in personnel also mean that less person-time is available to make known what information is there, and to train the public in how to access the data. Very little training is provided in colleges and universities on the use of data. Consequently, people graduating and moving into professional jobs in the public or private sector rarely have familiarity with federal statistics and how to use them in their jobs. Expensive private training courses are of only marginal value. The best way to learn is to do it, on the job, but users can't do it alone--they need help.

Involved here are formal training programs, written guides to data, documentation and other user aids, as well as personnel in offices whose phone numbers are publicized as sources of assistance. As cuts are made in user services, this program of aid is threatened. Users need access to these forms of assistance and answers to questions.

Involving the User in the Decisions

Most users understand that, in this time of limited resources, cutbacks are inevitable. Further, most would agree that there are some projects and perhaps some programs which are dispensible, or at least less important than others. It might even be possible, given a representative group of informed users, to reach a consensus on the rank order of importance of a list of programs or projects.

The important ingredient, the one that is missing most often, is asking the users--people like me--for our opinions. It is very difficult to know, working from an office in Washington, the various ways in which one's data are used all over the country. This lack of understanding and perspective often leads to ill-advised decisions when cutbacks must be made.

The problem is exacerbated by lack of communication. If the decision-makers among the data producers in the federal establishment would communicate with the users--tell us what's happening and keep us informed--they would find more support for the decisions they must make and less public outcry. Of course, communication takes time and effort, commodities that are in short supply with reductions in force and furloughs. Nevertheless, it is short-sighted to sacrifice this step, because a poor decision will produce an onslaught of user complaints. The resulting staff resources that must be expended to deal with them are usually greater than what would have been needed to communicate about the decision, and perhaps solicit some user input, in the first place.

These problems, from the users' viewpoint, are exacerbated because our relationships with the data producers in the federal establishment had been on an upswing for several years. The Bureau of the Census conducted a major program of Local Public Meetings to solicit input to the questionnaire for 1980. In 1977, two meetings were held with census summary tape processing centers for the express purpose of soliciting input to a variety of decisions involving data delivery. Many of us were, subsequently, able to obtain copies of draft outlines for summary tapes and printed reports, and to submit our comments. Equally important, Census staff attended meetings of professional associations and organizations of users, providing information on plans for 1980 and hearing what the users had to say.

Beginning in late 1980 or early 1981, after the field work on the decennial census was completed, a marked change occurred in Census Bureau relationships with users. In part, this may have been due to new staff moving up and replacing those who retired around that time. Certainly, budget cutbacks were involved as well. But, all of a sudden, communications have virtually ceased. We still have Data User News, Monthly Product Announcement, and some other written forms of formal communication, but the contacts that were there for informal communication are greatly diminished. We don't have interaction at meetings, for travel funds are greatly diminished on all sides. The people we used to call are gone. Most of all, the new people--the incoming Division Chiefs and the like--seem to have no commitment to interacting with users and benefiting from such contacts. Everyone suffers from this situation.

I have described the situation with the Bureau of the Census because I am most familiar with that agency. However, certainly the problem is not unique there. The Office of Federal Statistical Policy and Standards is gone; in its place is a shell of its former self. The National Center for Health Statistics is cutting out and down on many publications, as well as on the surveys behind them; are users being consulted here? The National Archives machine-readable staff is decimated; how will data be preserved for historic purposes? Alien registration is eliminated without discussion with non-federal users of the information. The list goes on and on.

Summary

There is nearly universal recognition that hard times are upon us. For the present, for a variety of reasons, revenues are reduced at all levels of government and cutbacks in programs and services must inevitably follow. The challenge is to work together to minimize the impact of these, hopefully temporary, reductions and to maintain the best possible quality of service to the public. I submit that failure to support government statistical programs at the federal level is "penny wise and pound foolish".

The task at hand now, in March of 1982, is to work together--producers and users, public and private sector, federal and local--to achieve the best possible result in light of the situation and the goals to be achieved. It is precisely because hard decisions must be made that we must maintain and continue to develop good information about what is happening and what is changing in the society we serve.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
EXECUTIVE OFFICE

OFFICE OF THE CITY ADMINISTRATOR

ASSISTANT CITY ADMINISTRATOR FOR
BUDGET & RESOURCE DEVELOPMENT
1350 E STREET, N.W. – ROOM 423
WASHINGTON, D.C. 20004

MAR 12 1982

The Honorable Robert Garcia, Chairman
Subcommittee on Census and Population
House of Representatives
Room 1711
Longworth House Office Building
Washington, D.C. 20515

MAR 19 1982

Dear Mr. Chairman:

Thank you for your letter advising us of the upcoming meeting of the House Subcommittee on Census and Population on the utility and quality of Federal statistics. The District Government uses statistics from several arms of the Federal Government, and we are happy to assist you in reviewing these very important services.

My staff has prepared testimony regarding the Federal Assistance Awards Data System (FAADS) from the Office of Management and Budget. Testimony on FAADS is attached.

I hope this material is useful to you and commend you and the Subcommittee on your efforts. If you require further information on this testimony, please do not hesitate to contact me.

Sincerely,

Gladys W Mack

Gladys W. Mack
Assistant City Administrator

FEDERAL ASSISTANCE AWARD DATA SYSTEM

The District of Columbia grants management office is responsible for keeping the executive branch informed of the status of Federal grants going to either private organizations or governmental agencies in the District. With the introduction and implementation of block grants, this monitoring function became more cruical as we needed to identify former categorical grant recipients whose programs were included in the new block grant legislation.

As we searched OMB's printouts regarding grant outlays from different governmental agencies, we found that OMB's figures were incomplete and in many cases were also inaccurate. The OMB system is based upon data from the Federal grantors themselves, so that discrepancies must be referred back to them rather than OMB. We have found that some Federal grantors can provide up-to-date numbers on outlays for only some of their programs. On the other hand, some grantors are more efficient, overall, than others in getting correct data into the system in the first place.

The result of our initial research was a decision to question the accuracy of any data received from Federal grantors and to treat the data as "draft" information subject to change. We have found that our own governmental records of grants received are better than the Federal government's; but we continue to have virtually no dependable information on private, non-profit agencies or organizations. For example, the OMB printouts include all intergovernmental transfers between Federal agencies, and they do not differentiate between national-scope and local programs. Thus, we in the District cannot use the Federal grantor material because the format is unworkable.

In February and September, 1981, the District met with the grant management staff of OMB and with representatives from other states to review the Federal Assistance Award Data System (FAADS). Participants comments during these meetings substantiate our complaints. Though we have a somewhat greater problem because of the preponderance of Federal agencies and national-scope programs in the District, we have found that other states also oppose the mixing of outlays to their states with those to other Federal agencies. Generally, such an approach is considered unworkable.

In 1981 the responsibility for managing the OMB grant data base was transferred from Community Services Administration (CSA) to the General Services Administration (GSA). GSA has expressed its interest in resolving the problem.

Regarding the quality of the data and the distinction of recipient types, OMB is aware of the differing quality of data being keyed into the system. We have asked OMB to institute a uniform reporting rule for all outlays, but apparently that is not possible. It seems that a system could be devised and implemented so that no check from the Federal government would be drawn or released without certain specified information coded on it. For example, if it is a check written to reimburse a local jurisdiction for a Federal grant, the type of entity, e.g., local government, private, non-profit, or Federal agency, would be identified and coded on the check, as well as a code for the title of the grant program. We feel that this information would make it possible, for the first time, for states to check the accuracy of data and to compae their own performance in the grant area against the performance of private organizations and against other states by uniformly organizing the data in a rational, useful way.

RECEIVED
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OFFICE OF [illegible] GARCIA, M.C.
WASH[illegible]

STATE OF FLORIDA
DEPARTMENT OF LABOR AND EMPLOYMENT SECURITY
Division of Employment Security
Caldwell Building
Tallahassee, Florida 32301

March 8, 1982

MAR 17 1987

Mr. Robert Garcia, Chairman
Subcommittee on Census and Population
House Committee on the Post Office and
Civil Service
House Office Building, Annex #1
Washington, D.C. 20515

Dear Mr. Garcia:

I am taking this opportunity to furnish you with a description of the Occupational Employment Statistics (OES) Program, the current impact of the federal budget cuts and the users needs of this program. I would like to request that you share this information with the Subcommittee on March 16, 1982. What needs to be addressed is the existing data resources and the possible significant set-back of this program due to the budget cuts, making it impossible to operate the OES Program both at the current level and to provide future expansion to meet the needs of users.

Thank you for your consideration.

Sincerely,

Pacharee K. Hasper

Pacharee K. Hasper, Chief
Bureau of Research & Analysis

PKH/mcb

Enclosure

DESCRIPTION OF OCCUPATIONAL EMPLOYMENT STATISTICS PROGRAM

The Occupational Employment Statistics (OES) program is probably the most complete and accurate source of occupational information. The program consists of three major parts: the Occupational Employment Statistics survey; the National/State Industry-Occupation Matrix system; and the state and area Occupational Projections.

The OES Survey is a periodic mail survey of nonagricultural employers conducted over a three-year cycle. Employer establishments are divided into three groups (1) manufacturing, (2) trade, and (3) nonmanufacturing, and one group is surveyed each year. The Bureau of Research and Analysis surveys 5-6,000 firms in manufacturing and in trade, and 12-15,000 in the remainder of nonmanufacturing. The survey forms list the most common occupations in a specific industry. Responding employers indicate their number of employees in each occupation. This allows OES staff to obtain estimates of the most significant occupations. Data from these surveys are aggregated by industrial type. By using total employment figures by industry, it is then possible to estimate total occupation employment for those industries.

The National/State Industry-Occupation Matrix system provides a set of 51 matrices, or tables, for all states and the District of Columbia. These matrices present total occupational employment, cross-classified by industrial sectors, for a specific period of time. The Florida Matrix (and those for other states) is consistent with the BLS national matrix. The system also includes occupation-specific death and retirement rates for each state, which are used to estimate total occupational openings. Each state agency updates its matrix using the latest census data and data derived from the OES survey as required. The matrix is then used to develop projections of occupational requirements by industry sector.

The first step in producing occupational employment projections involves the development of a historical series of nonfarm employment by detailed industry. The source of this series is the employment levels set by the CES subunit. After the historical series has been established, projections of industry employment are made using various statistical techniques such as time series and shift/share analysis. The Industry-Occupation Matrix is then applied to these industry employment projections to produce occupational employment by industry for the projected year.

The OES subunit releases the following publications:

Statewide Employment Directions--provides current and projected occupational employment by industry for the state of Florida. Job openings due to expansion, death, and retirement are also given.

Area Employment Directions--includes information identical to the statewide publication, but on an area basis (by SMSA).

Survey Occupational Employment--provides occupational staffing patterns developed from a single major survey (such as manufacturing or trade and reguated industry).

The continuation of the OES program currently depends upon the provision of funds through the Division of Employment Security through the U.S. Bureau of Labor Statistics and Title III of the Comprehensive Employment and Training Act (called "BLS-LMI" and "CETA-LMI" respectively). The first round of funding cuts did not result in a reduction of OES positions here in Florida, but did result in the Bureau of Labor substantially reducing its involvement in developing projections in tandem with states. The second round of cuts (December 15 Continuing Resolution) has resulted in a minor reduction in funds to Florida for OES, but more importantly, prompted the U.S. Department of Labor to call for a reduction in the OES establishment sample size. This suggests that the OES program does not have a high priority status within the Department of Labor which may further affect the provision of assistance to states.

A reduction in assistance in the areas of developing and providing to states, occupational separation rates, computer software, technical assistance, OES survey form design, and national projections would mean that the program's continuation in Florida would be a much more costly proposition than it currently is.

Thus, the continuation of the OES program and its continued sophistication toward meeting user needs depends heavily on the provision of assistance to states by the U.S. Department of Labor. Even if primary funding support were derived from state resources, the continuation of the program would be jeopardized without federal assistance and input.

Therefore, in considering how the program can better respond to agency needs, one must keep in mind that continued federal support is necessary as well as state resources.

The current OES program operation level was funded for 6.0 positions by federal programs. However, the actual amount of staff time involved to accomplish and deliver the products and services took 8.5 positions. The RAA staff had to deviate from other responsibilities for this purpose.

The study of the OES data needs options was recently conducted. The findings revealed a broader need for data components by users. RAA did the cost estimates accounted with each option. The staff requirement to deliver such products and services has averaged 8.5 staff years to 25.5 staff years.

Accordingly, RAA would like to convey the importance of this program and its future needs of expansion and resources to you and your subcommittee.

Richard A. Slaughter, Ph.D
Chief Economist
Executive Office of the Governor
State of Idaho

I wish to thank the Committee for the opportunity to present information on the federal statistical system and its uses at the state and local levels. I should like to focus on (1) the uses made by myself and others of federally produced data, and (2) some of the areas most threatened by past and proposed reductions in the statistical budget.

My office is involved in policy- related economic analysis, economic forecasting, revenue projection, and local-area population estimation for the State of Idaho. We also have policy responsibility for population projections. In all of these areas, we either help to produce federal statistics or are users of federally produced statistics.

Our work in turn is used for economic policy decisions, determination of the size of the state budget and state programs, private sector market analysis and decision, and general reference. Ours is the only short-term continuously maintained economic and demographic forecast in the state. The revenue projection, which is based on the economic forecast, is the single most important factor in determining the size of the state budget. Its accuracy, therefore, is of more than passing concern.

For this work, we depend on the availability and quality of data relating to employment by idustry, personal income, and population. In addition, we frequently have requests for local area information for purposes of planning, tax structure, and program design.

Few involved in maintaining a forecasting model are unaware that the greatest single source of their error is frequently the data they have used as history. Personal income statistics on the state and local levels, intercensal population estimates, and even census counts are subject to error margins which for small geographic areas can be very serious. And when these data are changed, all of the work based on them must be changed, because any bias present in the history will carry over into the forecast.

Though we frequently feel frustration or annoyance with changes in history, we would not propose to eliminate its measurement. While the measurement tools of economics, demographics, and other social phenomena do not have the apparent precision of the physical sciences, they are the best achieved to date for their cost, and of no small consequence to improved efficiency and productivity in the United States as well as to the delivery of social services. Governmental and business decisions taken every day depend on the accurary and availability of these data. And, although not the most glamorous, the most vulnerable are small area data for which samples are small, codings sensitive, and for which the most intense validation is required.

The most important quality for small area data is consistency--over time and across areas. For a company doing market research involving identification of characteristics in new market areas which match those of existing successful markets, the lack of uniformly applied standards for the coding of data would eliminate all existing value of that data. For forecasters, changes in the quality of a data series over time severely reduces its value. When one is dealing with annual observations for a small area, such problems can and do make modelling impossible.

A second absolutely necessary quality of federal data for forecasting and analytical work is consistency among data collected and reported by the Bureau of the Census, the Bureau of Labor Statistics, and the Bureau of Economic Analysis. Many people use per-capita real income as a measure of economic well being across time and areas. That concept depends on several independently drawn measures. If the reporting of personal income, population estimates, or the personal consumption deflator is in error, then the overall measure is in error. If those errors vary over time, then there may be changes in the resultant measure quite unrelated to any change in the real world.

Another concept sensitive to error is the labor force participation rate, defined as the percentage of the working age population actually working. To use this concept in a forecasting equation requires knowledge of population characteristics and employment. Employment estimates come from the individual state employment security agencies.. Population depends on the Census and on intercensal estimates. In 1980 the error of closure between what the 1980 estimate would have been and the Census count was fairly large for many states and areas. Partly because of budget constraints flowing from the fiscal 1980 Census budget, we have only recently obtained estimates for the period 1970 to 1980 which conform to both the 1970 census and the 1980 census. Even these numbers may have inaccurately attributed error to the estimates model which should have been assigned to the 1970 census. Not only have we done without population estimates for the 1970's during the last two years, but now know that the data we do have contain systematic bias which will carry over into any models using those concepts. As a result, I and other forecasters have been forced to improvise, to do without population data, and frequently to remove both labor force participation rates and per capita personal income from forecasting equations.

Again, I would emphasize that the problems of compatability and quality of data from different sources becomes greater as the aggregates become smaller. But it is the local area data which is in the most demand by business for marketing and location decisions, by local and state government for planning and social service decisions, and by the federal government for purposes of execution of national social policy.

Specifically, I am most concerned about the viability of the Census Bureau's population estimates program and the BLS estimates of local area total employment. These programs provide the fundamental information blocks upon which not only employment and population estimates are based, but also income estimates by industry, labor force information, and others. Without them, we simply do not know what is going on.

A few cases in point:

-The ES202 program of the Bureau of Labor Statistics is a complete survey every 90 days of almost all non-agricultural employment and wage income in the United States. The 790 program, benchmarked to the 202 data, provides complete coverage of non-farm employment. While the BLS may protect these programs as much as possible, their quality is already being eroded in many states. State research staffs are experiencing cuts of up to 65% from their levels of a year ago. Cuts of that magnitude cannot be compatible with continued quality of this basic data source.

-Local area income data has also been eroded. Annual estimates of county income are now made with two quarters of actual and two of estimated data because states are unable to process the county data with current staff levels. As those staffs decline, the problem will get worse. Also disappearing are surveys and projections of occupational employment, necessary for education planning and for commercial market research.

-Redesign of basic programs, long overdue, is still being deferred for budget reasons. These programs include the current population survey, the primary source of population information between censuses, and the consumer price index. A 1% error in the CPI can mean a difference of $2 billion in federal transfer payments because of the ways the CPI is used for indexation. We all know, for example, that the proportion of the average market basket accounted for by gasoline is far lower than it was in 1972. The CPI, however, reports the 1972-73 weights, with consequences for the federal budget far in excess of total expenditures for all statistical programs.

-The information used to adjust income reporting between BEA and Census definitions is still based on 1970 commuting patterns. The Census Bureau will not be able to process more than 50% of the 1980 commuting information, if that much. Income reporting for counties and states with a large proportion of commuters is therefore very suspect, and will get worse.

Finally, I am concerned about the viability of the fragmented programs for data dissemination of the various agencies. The Census Data Center program is only beginning to provide a role model and central focus through which states can deliver employment, income, demographic, and other information to local users. The people of the United States have paid for the collection of this information. That collection, coming in large part through the administrative records of mandated federal programs, is a true public good, not capable of being efficiently duplicated through state or private initiative with complete coverage and uniform quality. Having paid for its collection, the citizens of the United States should not be denied reliability or access. The sum to be saved is far too small relative to the cost.

Statement of T. Edward Hollander, Chancellor of Higher Education, State of New Jersey, to the Subcommittee on Census and Population, United States House of Representatives, March 16, 1982

Chairman Garcia, Members of the Subcommittee, Ladies and Gentlemen:

Thank you for giving me the opportunity to provide testimony with regard to the issues which you are deliberating here today. I want to address my brief remarks to what I believe are two separate but related concerns I have with respect to the impact of the FY '83 budget proposals on the data collection and analysis systems of the various federal agencies which collect and publish social, demographic, and economic statistics at the national level.

First, I am concerned that the proposed budget reductions will result in a significantly decreased availability of the statistical data provided to interested users at the state and local levels by the Bureau of Labor Statistics and the National Center for Education Statistics. In the New Jersey Department of Higher Education, for example, we find data provided by these agencies invaluable both in current policy deliberations and in terms of long-range planning for the orderly development of the statewide system of public and private colleges and universities.

My second general concern centers on the implications which reduced levels of data collection and analysis have for the ability of the federal executive branch and legislature to monitor the progress of new national policy initiatives. The new directions proposed with respect to government's role in health care, education, community and economic development, and other areas of responsibility, will require careful oversight to ensure that programs are both responsive to the needs of the citizenry and conducive to the economic revitalization of our society as envisioned by those who have advocated and enacted these new policies. I believe the existence of a comprehensive data base which remains relatively constant from year to year, in terms of both content and quality, is absolutely essential to meaningful evaluation of the efficacy of new policy directions.

Statement of T. Edward Hollander

At this point, I would like to address myself to some specific concerns we have regarding reductions in federal data collection as it affects our agency. For example, many institutions, particularly the two-year colleges, which submit new degree programs for approval by the Board of Higher Education, must demonstrate labor market demand for persons educated in the skills and knowledge to be provided through the proposed program.

Clearly, data regarding current employment, turnover rates, and employment projections are among the essential ingredients in such an analysis of demand. Heretofore, these data have been provided by the New Jersey State Department of Labor and Industry, through its participation in the labor market statistical systems of the Bureau of Labor Statistics. Regrettably, however, reductions in federal funding will curtail severely a number of activities in the area of labor market studies, in both data collection and analysis, making the demonstration of need for certain new academic programs a task at once both less precise and more burdensome. This, in turn, impairs the ability of the Board and Department of Higher Education to assess as fully and accurately as possible the merits of proposed new collegiate programs in occupational fields of study.

We in New Jersey, as in other states, have a special commitment to economic planning and redevelopment, and are particularly concerned with forging viable, cooperative, working relationships between government, industry, and the higher education community, which I represent. I believe the future success of state level initiatives in this regard will be hampered by reductions in both the quantity and timeliness of labor market data.

On this point, let me summarize by saying that curtailment of labor market statistical systems will have serious consequences for the policy making and planning functions of many state and local agencies, including the Department of Higher Education, that are responsible for the implementation of labor market research and employment services, and for the design and development of educational programs responsive to labor market conditions. Moreover, it seems likely that the present administration, dedicated to an economic turnaround for the entire country, will require the sort of labor market statistics that we need at the state level, to monitor national trends as well as to initiate corrective policies at the federal level.

With respect to future availability of data in the area of education statistics, I am particularly concerned that proposed reductions in the activities of the National Center for Education Statistics will have undesirable consequences on the ability of states and state higher education coordinating agencies to monitor national trends in college enrollments, access for minorities and women, faculty salaries, and financing. A significant portion of policy deliberations in higher education is informed by data collected through the Higher Education General Information Survey, known as HEGIS, to which the vast majority of all collegiate institutions provide data. The availability of comparative data among the various states and for the nation as a whole provides an invaluable yardstick in terms of which a state can compare its own progress, system health, etc. Any reduction in the availability or continuity of information will affect adversely the utility of an important source of benchmark data upon which higher education executives nationwide rely as part of the decision making process. Again, I would like to reiterate my belief that the federal government also needs such information for its own purposes, to facilitate the continuous monitoring of the higher education system nationwide during a period of possibly massive change, resulting not only from fiscal constraints, but also from demographic shifts in the college-going population.

Within the context of an emerging "New Federalism," and the enlarged responsibilities this will place upon states and municipalities, it seems only equitable that the federal government continue to provide, as a means of assisting other levels of government, the statistical capability necessary to assess adequately the impact of the new policies. Also, it seems essential that such a capability be maintained for the federal government's own monitoring purposes. Our society's commitment to social justice through economic progress requires a continuing assessment of governmental actions. We must maintain our capacity to conduct such evaluations, at both the national and state levels, through a carefully designed system of data collection and analysis which is continuous, reliable, and readily accessible to interested users and responsible officials throughout the nation.

STATE OF NEW JERSEY
DEPARTMENT OF HIGHER EDUCATION
TRENTON, NEW JERSEY 08625

OFFICE OF THE CHANCELLOR

February 25, 1982

Mr. David A. Stockman, Director
Office of Management and Budget
Executive Office Building
Washington, D.C. 20503

Dear Mr. Stockman:

I have been informed that the Office of Management and Budget plans to eliminate three surveys from the National Center for Education Statistics' 1982 HEGIS package. I want to express to you my concerns about this proposed action by OMB.

The three forms--Institutional Characteristics; Salaries, Tenure, and Fringe Benefits of Full-Time Instructional Faculty; Financial Statistics of Institutions of Higher Education for FY Ending 1982--have varying degrees of importance in our research and planning activities. The "Characteristics" form provides information that is published by N.C.E.S. in the Higher Education Directory, an invaluable, frequently used reference resource. Of greater significance for us are the "Salaries" and "Financial" forms, which yield data that are central to the Department's providing measures of accountability, as well as indicators of institutional health, for the state's higher education system.

Moreover, the comparable national data are essential in analyzing current, and formulating new, policies regarding fiscal and educational planning issues. In this regard, then, it should be evident that, while it may be possible for us to gather information for New Jersey similar to that which is requested on the Federal surveys, it would be of only limited utility without the comparable U.S. data.

I don't think I can emphasize too much the importance of and need for national data with which local information can be compared. Without the larger perspective, without knowledge of other similar state systems that may have addressed and/or resolved similar issues, the relatively narrow view we might be able to obtain of our own state is virtually useless.

I am certain that these sentiments are shared by higher education planners and researchers in other states, and I am hopeful that you will reconsider your decision regarding what we believe is an important Federal data collection activity.

Sincerely,

T. Edward Hollander
Chancellor

DEPARTMENT OF CITY PLANNING
CITY OF NEW YORK

March 16, 1982

The Honorable Robert Garcia
Chairman of the House Subcommittee
on Census and Population
Congress of the United States
House of Representatives
Washington, D.C. 20515

Dear Congressman Garcia:

We are submitting for the record of your Subcommittee hearing today the City's support of the oral testimony of our colleagues in the statistical community. We share their concerns, dismay and frustration over the systematic dismantling of the Federal statistical system. Instead of building upon the years of collective experience to improve the system, elements of it are being eliminated, reduced in content, quality control and periodicity. Planned evaluations are postponed indefinitely.

At the time that the nation should be using Federal statistics to monitor change and improvement in its socio-economic fabric, the basic data required for such evaluation are being abandoned. It should be apparent that the currently announced budget cuts are only the beginning. Statistical programs reduced today are easier to justify for elimination tomorrow. Nowhere are the subtle interrelationships among data sets from one agency to another taken into account.

It is not coincidental that there is not even one word of justification in any of the Federal agency lists of program reductions already decided upon to meet budget reductions. No agency has been able to pinpoint a statistical program which is not used in policy making or program evaluation and planning somewhere by someone. There was no time given for each agency to poll subscribers to find out how the reduction would affect them and to describe the linkages. There was no explanation or description of how "lower priorities" were established. The wholesale reductions, effective immediately or retroactively, are tantamount to upsetting a fragile ecological system. Once wrecked, it is almost irreparable.

It is understandable that the directors of the various Federal agencies would seek to maintain the quality and integrity of those programs mandated by law. However, little consideration was given to the fact that legislated programs may neither be the most relevant ones nor the most timely. They were quick to eliminate or effectively decimate the most innovative data series--those that could yield frontier data to broaden knowledge about subjects for which new programs could be developed and new legislation written.

2 Lafayette Street, New York, New York 10007
Herbert Sturz, *Chairman*
Alanne Baerson, *Executive Director*

This testimony does not represent an exhaustive list of concerns of every City agency. We have selected a few to illustrate a range of subject matter.

1. The Decennial Census - Delay in Release of Data

The Bureau of the Census continues to explain the year-long delay in releasing the detailed 1980 Census data as the result of three factors. First, was the time required to count five million more persons than the Bureau itself had estimated. No mention is made that this differential was not distributed proportionately among all states and since the states were processed one at a time, data for most states should have been available on time.

Second, was the alleged diversion of top staff for "unforeseen" activities. The detailed plans and staff assignments for data processing were essentially in place before the Census was taken. Therefore, the day-to-day attention of the administrative staff was not as compelling as has been emphasized in the list of excuses for the delay. For the same reason, the diversion of the administrative staff's time to respond to litigation could not have been responsible for the delay. Also, plans for the April 1, 1981 delivery of population data by race and Spanish/Hispanic Origin to the nation's governors had been anticipated for several years and was actually achieved ahead of schedule. The diversion of staff for this operation, therefore, had been a planned, not an unanticipated, delay in starting other operations.

Thirdly, "Local Review" could not have had a "domino effect" on the timing of data processing as claimed. The local agencies preparing challenges interfaced only with the Regional or District office staffs. Local agencies were given ten days to respond to the District Office after receiving data from the District offices. Delays, due to local review, if any, were therefore the result of field problems in enumerating the census and delaying delivery of preliminary counts to local agencies, not to problems of accomplishing local review.

The result, nevertheless, was that by January, 1982, several states had not yet received the simple counts of population by age and ethnicity. Now we are told that small area data on such vital items as income and migration characteristics may not be issued for larger states for another year. The specially tabulated sample data at the national, state and large SMSA levels which will be available from six to nine months ahead of data for counties, cities, and census tracts may be viewed by some as another delaying element rather than an advance.

It is clear that there must be other reasons for the delays. If the problem is the cuts in budget for the past and current fiscal years, this Subcommittee ought to take a closer look at the importance of the data being held up. Income data, for example, are particularly required for very small areas, such as census tracts, to update Federal eligibility requirements for participation in many programs, most importantly, Community Development. Delays in the production of small area socio-economic data have become intolerable. Such data as educational achievement, labor force characteristics and place-of-work are extremely out-of-date for use in program allocation within the largest central cities.

2. Other Census Programs

a) Reduction in the post-censal population characteristics program is planned. Given the importance of an accurate National population estimate, which in turn controls estimates for State, county and subcounty governments, it is hoped that funds remain to improve the data on which current estimates are based and to improve the methods of population estimating.

b) The current Population Survey sample frame will continue to be based on the 1970 Census. We view as essential the revision of all national sample surveys to reflect the 1980 Census.

c) Elimination of Survey of Income and Program Participation - The curtailing of funding by HHS for this joint project is a prime example of short-sightedness. The data expected to have evolved out of this survey could have vastly expanded our understanding of the true dynamics of income and could have contributed to enlightened legislative reform in many interrelated fields.

d) Monthly Data Concerning Department Store Sales - The elimination of monthly department store sales data will impair the ability to gauge the strength of consumer purchasing power and to project the level of sales tax revenues accruing to the local government. Although monthly retail sales data for the SMSA will be retained, all of the major shopping areas are anchored by large department stores and ongoing information about the level of department store sales is needed.

3. Bureau of Labor Statistics

a) The reduction of the number of households which had previously been added to improve the Local Area Unemployment Statistics will probably not affect the quality of data now available for large States and the largest central cities. However, only local estimates are available for counties and subcounty governmental units. No data nationally generated are available by race and ethnicity for small areas. It will be interesting to see what data are offered by small areas to be eligible for designation as an "Urban Enterprise Zone" when the area must satisfy the criteria that: "the average ratc of unemployment in the area for the most recent 18 month period for which data are available was at least one and one-half times the national average for that period."

No data are yet available on two other eligibility criteria for Enterprise Zones, that "the area was low-income poverty area as determined by the Bureau of the Census during its most recent census," and "at least 70 percent of the residents of the area have incomes below 80 percent of the median income of the residents in the jurisdiction of the government designating the area."

b) The BLS Family Budget program has been eliminated. Instead of redesigning the program to meet the objections of its critics, this twenty-year old series was simply discarded. The BLS Lower Family Budget was an anchor for computation of eligibility for public service employment and youth demonstration projects. Apart from eligibility for Federal funds, the Lower Family Budget was also a gauge in wage-hour standards. Family budget data are used in labor-management negotiations and the geographic differentials are important for regional adjustments. Data are used at the State and local levels to develop eligibility standards for Welfare programs as well as to assess family needs; important deficits in assistance programs are thus identified.

The elimination of the family budget program would be a serious constraint to small area economic analysis. There is continuous use of the urban 4-person family budgets for the New York Metropolitan Area to gauge relative living costs vis-a-vis other urban areas and to advise employers seeking to recruit employees and employees newly-transferred to this area concerning local living costs. Because of this program, employers are helped to develop equitable wage levels and employees new to the area also understand the costs involved in the transfer.

c) Fifty occupations have been eliminated from the Occupational Outlook Handbook. The inability to develop projections of the gross national product and its major components for employment and occupational projections is a critical loss in today's rapidly changing economy. There has also been reduction in related occupations such as the Occupational Outlook for College Graduates. Both publications are used extensively by high school and college students and their guidance counselors to achieve the best possible match between the occupational needs of our employers and the occupational skills supplied by our high school and college graduates. The alternative is a high level of structural unemployment caused by the failure of students to gear their education and training to the emerging needs of industry.

4. Immigration and Naturalization Service

A de facto budget cut was legislated in the Immigration and Nationality Act Amendments of 1981. In Section 11 (HR 4237; H. Rep. 97-264) of the bill, the provision that each alien be required to register annually was eliminated. Substituted was a requirement of each alien to notify the Attorney General in writing of "each change of address and new address within ten days from the date of such change. INS does not have a workable computerized address register system against which to record such address changes nor has it been budgeted for such improvements. The cost of informing aliens that they need no longer register in January has not been provided for nor has the cost of advertising the fact that they must register many times a year if they move frequently.

The summarized alien address reports by five-digit ZIP-code which were available for 1977 through 1980 were an invaluable intercensal tool for measuring population change by race and ethnicity. It also provided a generalized location for residence of other aliens who were not registered. It was possible to trace over time the shifts in residential location of every origin group coded by INS. Selected concentrations of certain groups helped to identify areas in which bi-lingual education as well as bilingual service delivery was required. The recency of immigration was important information on which to plan special immunization programs, to monitor the incidence of uncommon tropical diseases and to project the need for services, particularly the maintenance of local elementary schools.

The 1981 data were collected but never processed; there was no data collection in 1982. It is our understanding that INS may exercise the option to restore the registration without further legislation provided, of course, that funding is also restored. Such action is highly recommended in light of the intense interest in immigration reform and the legislative proposals that are about to be submitted to Congress.

Mr. Chairman, these are but a few examples of the impact of the cutbacks in the Federal statistics system. Added to others submitted in response to your letter of invitation, the cumulative effect upon knowledge and efficiency of many agency operations should begin to emerge.

Sincerely yours,

Evelyn S. Mann

Evelyn S. Mann
Director, Population Research

NEW YORK STATE
DEPARTMENT OF SOCIAL SERVICES
40 NORTH PEARL STREET, ALBANY, NEW YORK 12243

BARBARA B. BLUM
Commissioner

Testimony of
Barbara B. Blum,
Commissioner,
New York State Department of Social Services,
to the
House Subcommittee on Census and Population,
March 10, 1982

Thank you for the opportunity to comment on the impact of both proposed and actual federal budget reductions affecting the utility and quality of federal statistics. As you know, State and local agencies face increasingly difficult decisions on the most equitable and effective use of available resources to meet human service needs. This responsibility will increase now with current shifts, and would intensify if the proposals termed "the new federalism" are approved.

Adequate planning for both the immediate effects of recent federal fiscal reductions and program changes, and the gradual shift of responsibility to the states, requires accurate, timely, and extensive statistical information. The New York State Department of Social Services, the fifty-eight local social service districts which it supervises, and thousands of voluntary agencies rely upon federal surveys, demographic reports, and statistical analyses in making complex determinations of needs and resources.

Despite the fact that our Department maintains one of the largest state data bases on public assistance recipients in the nation, the elimination or reduction of many federal statistical reports will compromise our ability to plan and deliver needed care and services for low-income and disadvantaged persons.

Based on information provided by federal statistical agencies through the Council of Professional Associations on Federal Statistics, we have identified several areas of concern. Three examples of the impact of these reductions are particularly significant:

> The Department has spent almost two years studying shelter allowances made to public assistance recipients, to develop an improved methodology for determining the proper benefit level for adequate housing. Our proposed approach was based on data from the housing vacancy survey conducted by the Bureau of the Census. One of the reasons for selecting our proposed approach was the belief that such data would be available on an annual basis, to permit proper updating. Modifying this survey to every two years, the only source of such data, jeopardizes any approach to relate benefits to housing costs.
>
> Similarly, the Department teenage pregnancy program, which is a model for comparable efforts throughout the nations, depends on timely fertility data. Reducing the frequency of this survey will adversely affect our ability to target resources to those areas most in need. More generally, it reduces our ability to

plan a range of children's services on the basis of reliable localized birth rates.

It is also disturbing to note that activities of the National Center for Education Statistics, including the follow-up survey "High School and Beyond" are imperiled. As youth unemployment remains a matter of great national concern, valuable information influencing youth employment programs will be lost.

We are also concerned about other reductions or eliminations of data. For example, the postcensal population estimates for subcounty governments are to be reduced. In New York, as in many states, the service differences between urban areas, such as Buffalo or Rochester, and the surrounding portions of their counties are quite noteworthy. Planning within such counties must recognize these differences, and dependable population estimates are an important element in the planning process. Likewise, states as dependent as New York on service industries will be concerned about reduction of the service industry trade data program at the Bureau of the Census. In the same agency, elimination of the survey of in-kind benefits has removed another nationwide data source for the study of welfare, social security, and other human services.

Planning for human services will be adversely affected by changes in other agencies as well. At the Bureau of Labor Statistics, improvements in the current population survey, especially those involving local unemployment estimates have been delayed or reduced. Studies of family budgets and economic growth were eliminated or reduced. This information is important for public assistance planning, including employment training programs. At the National Center for Health Statistics, the family planning survey has been eliminated, and the periodicy of medical care utilization surveys was reduced. The former provided valuable data in meeting the Department's legally mandated responsibilities for family planning. The latter surveys provide a necessary national context for the interpretation of state funds in health care expenditures. Given the rapidly rising costs of health care, these surveys are among those most important to maintain frequent data collection.

Through these and other reductions in federal statistics, the ability of governmental and private agencies to make informed decisions is being eroded. These decisions affect millions of Americans, as clients of income support and medical and social services programs, and as taxpayers. The magnitude of expenditures which will be based on such choices overwhelms the savings to be realized through these reductions.

In the foreseeable future, state and local governments will be required to make more of these difficult choices. As this responsibility shifts to states and localities, the provision of data to inform these decisions must remain a federal responsibility.

Even if states were to divert funds to conduct such surveys, a wasteful duplication of effort would result. Should this responsibility also fall to the states, nationally comparable statistics of known reliability would no longer be available. I urge the subcommittee to consider these complementary responsibilities of the state and federal government as the future of the federal statistical system is determined.

Commonwealth of Pennsylvania
Department of Health
HARRISBURG

March 25, 1982

The Honorable Bob Garcia
Chairman, Subcommittee on Census
and Population
U.S. House of Representatives
233 Cannon
Washington, D.C. 20515

ATTN: Mike Ferrell

Dear Representative Garcia:

As Chairman of the Advisory Committee for the Pennsylvania State Health Data Center, I am concerned about the serious and widespread consequences of the impending disruption of the Federal statistical program and feel that it needs to be addressed from the perspective of the state centers for health statistics.

It is the task of these state centers to coordinate the acquisition, processing, and dissemination of health related data and to perform the necessary statistical and analytical services which render such data usable for the planning, management, and evaluation of public health efforts at state and local levels.

State health data centers will bear witness to the paramount importance of timely and comparable population data as the foundation for state information systems, detailed in the testimony of Susan S. Addis, M.P.H. of the American Public Health Association. State agencies must have this data now for modifying programs, predicting trends, and setting priorities in these times of rapid change.

Budget cutting has hindered the completion of the Vital Statistics component of the Cooperative Health Statistics System at another focal point for the production of national level data, the National Center for Health Statistics. Level funding over the past four years for states already in the Vital Statistics Cooperative Program has seriously compromised the ability to provide comparable birth and death information. In the event that no increases for the states' Vital Statistics programs are forthcoming, some states will no longer be able to afford to participate in this voluntary

P.O. BOX 90, HARRISBURG, PA 17120

system. When these states must discontinue transmittal of Vital Statistics data to the National Center for Health Statistics, the national data base will no longer be available, since individual states are the sole source of Vital Statistics data. Moreover, the United States would then become the only industrialized nation in the world lacking a national Vital Statistics data base, which also provides information on leading causes of death, life expectancy, infant and maternal mortality, and fertility trends. These statistics are universally used as measures of a nation's health and to prepare annual population estimates which help determine revenue sharing with state and local areas.

With the movement from categorical grants to block grants and the new focus on decision making, the need for strong statistical focal points at the federal level has intensified. For the first time, states will be required to manage and evaluate programs. Eventually, legislators and public officials, as well as auditors and program administrators will have to examine and document the products and services which have been obtained with block grant funds. Without timely and comparable data bases ensured by continuing federal statistical support, there will be little basis upon which to measure the effectiveness of specific dollar allocations.

I earnestly urge that your committee work to impress upon Congress the need for adequate federal statistical agency funding and to share with Department heads the need to assign high funding priority to necessary statistical activities within the appropriate organizations.

Your support of these efforts is greatly appreciated.

Sincerely,

Thomas J. Ward

Thomas J. Ward
Chairman
Advisory Committee
Pennsylvania State Health Data Center

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE

HELEN B. O'BANNON
SECRETARY

TELEPHONE NUMBER
(717) 787-2600/3600

March 30, 1982

The Honorable Robert Garcia
U.S. House of Representatives
1711 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Garcia:

Thank you for this opportunity to comment on the impact of federal statistical reductions and the determination of the value and priority of such data collection and evaluation.

Currently, I serve as Secretary of Public Welfare for the Commonwealth of Pennsylvania. The Department provides or supervises a broad spectrum of human resources services, including income maintenance programs, Medicaid, programs for the mentally ill and the mentally retarded, child welfare and related programs for children and their families, and the Commonwealth's social services programs. In my capacity, I not only administer this broad array of programs but also play a significant role in the formulation of state human service policy. Like many of my counterparts, I rely on data in policy development. However, I try not to require excessive data and reporting. In my opinion, the federal policy should reflect this balance between competing needs.

The ongoing federal statistical efforts which I find most helpful and important are listed below. Without these tools we would be forced to make policy decisions without adequate knowledge and facts. The consequences could be unfortunate.

1. Panel Study of Family Income Dynamics (PSFID):

Supported by funding from the Department of Health and Human Services, the study began in 1968 with 5,000 families (15,000+ individuals) and has since been enlarged by 2,000 families. The focus of the data is family income; data collected reflect the economic, behavioral, and attitudinal impact of such income. The core consists of issues covering income, education, labor force participation, occupation, work hours, family competition, housing, commuting, job change, housework, child care, and food expenditures.

In these times of political and economic change, which may result in significant alterations in public work incentives and welfare-related work mandates, continuing this study is vital to considered and rational decision-making process.

2. Current Population Survey (CPS):

Sponsored by the Bureau of Labor Statistics, this monthly survey covers the civilian non-institutional population age of 14 and over and provides monthly employment and unemployment estimates.

Beyond the obvious benefits, these estimates are critical to state economic development trend analysis, tax, and other revenue anticipation and unemployment compensation benefit planning and budgeting.

3. Consumer Expenditure Survey (CES):

Conducted by the Bureau of the Census, the most recent survey was completed in 1974. It remains the only comprehensive source of detailed information on family expenditures and income related to socio-economic and demographic characteristics of American families. While data collected from the 10 studies since 1940 do not provide comparable data, the continuation of the studies is important to make economic policy and administrative decisions more current. A real loss would be felt if the current survey activity is not completed. That effort will provide information for 1980 and document shifts that have occurred since 1972-73.

4. Health Interview Survey (HIS):

Conducted by the National Center for Health Statistics, this cross-sectional annual survey is the principal source of information on the health of this country's civilian non-institutionalized population. It provides accurate and current statistical information on the amount, distribution, and effects of illness and disability and services rendered for or because of such conditions.

As we increasingly face astronomical health care costs and unacceptably high public health care reimbursement mandates, we must have the adequate tools to bolster health planning and control mechanisms.

5. National Fertility Studies; National Survey of Family Growth; Nationality Data Tape:

These three studies, conducted periodically, provide social scientists with important information on childbearing which is invaluable for anticipating, monitoring, and understanding demands made on the education, welfare, and social services system.

6. Survey of Income and Program Participation (SIPP):

Designed as a panel collection of data on individuals and conducted under the auspices of the Department of Health and Human Services, SIPP measures the monthly earnings and ultra-annual receipts of non-earned income, combined with information on assets and disability to give a clear picture of the eligibility of the total population for major federal social welfare programs. While limited in scope, SIPP's continuation is extremely important in providing states with valuable sampling data on the ever-changing economically dependent population.

7. State Agency Performance Indicators (for Aid to Families with Dependent Children),Food Stamps, and Medicaid (Title XIX of the Social Security Act):

The various Quality Control mechanisms measure quality of service, efficiency, and accuracy of state agency operations of these three federal entitlement programs. While valuing the information gathered, I strongly object to its current use by federal agencies as a means of sanctioning states for identified errors. The activity's intent must remain one of ascertaining and determining management and eligibility problems. It must be viewed as an invaluable management tool to improve efficiency and accuracy. Its recent politically sanctioned penalty may result in more simplistic programs which will fail to reflect justifiable recipient expenses and in benefit reductions to all beneficiaries. This would be regrettable.

8. Decennial Census and Mid-decade Census:

The decennial census, conducted by the Census Bureau, counts and classifies persons, households, housing units, farms, mines, factories, businesses, and local governments. The mid-decade census provides critically important updated information. Hearing that the mid-decade census will be eliminated, I worry that without its input, policy makers will be forced to use significantly out-dated information on an increasing mobile population.

While calling for the continuation of these projects, I remain frustrated and critical of some other programmatic mandates which stifle programs and burden personnel with record keeping and data transfers. For instance, former Title XX data requirements sapped resources from programs without significant benefit. I commend recent Congressional action eliminating such mandates. We in Pennsylvania remain frustrated by many EPSDT data and reporting mandates which unfortunately divert significant resources from the program. Lastly, we oppose draft reporting requirements advocated by DHHS's Children's Bureau for state compliance of P.L. 96-272. The continued mandates for unnecessary program documentation in a time of increasingly limited resources deprive our needy and dependent citizens of vital services.

In closing, I add that we must insure that all statistical efforts serve multiple purposes. We must strive to investigate ways to efficiently and economically obtain vital data to plan out and anticipate the needs of this nation. And, we must use the information available in national and state planning and policy development process. To ignore the evidence and facts before us will cause untold harm to the worthy programs and systems and, more importantly, to those we must serve.

Sincerely,

Helen B. O'Bannon

Helen B. O'Bannon

STATE OF UTAH
OFFICE OF THE GOVERNOR
SALT LAKE CITY
84114

SCOTT M. MATHESON
GOVERNOR

(801) 533-6186

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9 8 26
N.C.

March 15, 1982

MAR 22 1982

The Honorable Robert Garcia, Chairman
Sub-Committee on Census and Population
U.S. House of Representatives
601 House Office Building, Annex 1
Washington, D.C. 20515

Dear Chairman Garcia:

I am very pleased to hear that you are holding hearings regarding the impact of recent budget reductions on the utility and quality of federal statistics. As a frequent user of data from several federal agencies, I am deeply concerned about the seriousness of this matter.

The Utah Department of Health works directly with staff in the National Center for Health Statistics in obtaining and using health statistics. The budget cuts that the NCHS has received have seriously limited its ability to make national data available on a timely basis. As an example, Utah is concerned about the rate of teenage pregnancies among our residents. To fully understand the magnitude of this problem it would be helpful to be able to compare Utah's teenage pregnancy rates with other states. The most recent data that the NCHS could provide about other states' teenage births and induced abortions is for the year 1978. The result is that the director of the Utah Bureau of Health Statistics has written to each of the 50 states asking for the necessary data. A copy of that letter to the states is enclosed. This is clearly a duplication of effort on our part and on the part of the states that have to respond to this request. Consider that there are hundreds of data users in Utah and literally thousands of requests in all the other states. If we were to receive very many requests like this one, because of backlogs at the national level, it will be devastating to our workload, especially since we have had budget cuts and an already overworked professional staff.

It seems to me that the budget cuts suffered by the Bureau of the Census following the 1980 census of population are truly unconscionable. To spend millions of dollars to conduct a census and then drag out tabulations of the data for years because of someone's need to cut a budget is senseless. These census data are needed now! We have had so many revised dates on the release of census data that it is no longer a laughing matter. We recently received the age and sex distribution of the population by county some eight months after it was originally expected. For whatever reason, the computer tape file developed by the Census is in five year age groups until ages 35 through 44, and 45 to 54, then it reverts back to five year age groups through 55 to 59, and 60 to 64, and then ten year age groups for 65 to 74, and is then lumped together at 75 years of age and older. The inconsistent size of the age groups is difficult to work with and can be misleading unless one is very careful in the analysis. There is no way that we can currently get smaller age groups because this is the way the computer tape file was designed by the Bureau of the Census. I believe this was done because of their budget cuts and lack of manpower to prepare it as it should have been. We have many requests for data on income and education. We are unable to respond to them because those data are not yet available. I am now told that if we are lucky, we will have them by December 1982. This is a prime example again of being pound wise and penny foolish.

There are a number of other programs that I have concerns about but won't take the space to enumerate in this letter. However, I do want to express my consternation regarding what has happened to the Office of Federal Statistical Policy and Standards (OFSPS). For many years that office had provided a much needed coordination of statistical policy and setting of statistical standards among all federal government agencies. The reductions in staff that the OFSPS has experienced and the shifting from OMB to the Commerce Department and then back to OMB has been disastrous. It has been very discouraging to the staff already decimated by budget cuts, and now the Federal Government has lost the services of the Director of that office, Joseph W. Duncan. Mr. Duncan was probably the most knowledgable person regarding the need for statistical policy and standards in the Federal Government. It is truly appalling that the need to reduce budgets has been allowed to have such a devastating effect on federal statistics.

I urge you to take two steps. First, bring to Congress' attention the need to ensure adequate funding for federal statistical agencies so that needed data for planning and evaluation will be available. Secondly, in your contacts with Department Directors, make it clear that you expect them to give high priority to funding needed statistical activities within the appropriate organizations.

Your support of these efforts will be greatly appreciated.

Sincerely,

Governor

Enclosure

STATE OF UTAH
DEPARTMENT OF HEALTH
OFFICE OF MANAGEMENT PLANNING
150 West North Temple, P.O. Box 2500, Salt Lake City, Utah 84110-2500

BUREAU OF HEALTH STATISTICS
John E. Brockert, Director

March 9, 1982

533-6186

TO: State Registrars of Vital Statistics

SUBJECT: Requests for Teenage Population and Vital Statistics Data

As you may be aware, Utah continues to have the highest birthrate in the United States. We also have a relatively high teenage birthrate. The Health Department has attempted to highlight the problems associated with teenage births. However, we have been receiving some criticism from people who say that the reason for the high teenage birthrate in Utah is that we have a relatively low rate of induced abortions. They believe that when all pregnancies are looked at, our pregnancy rate will not be higher than that for other States.

To resolve the conflicting claims, we are going to attempt to calculate pregnancy rates for each State. The attached tabulation asks for data on population, live births and induced abortions by race. This is because Utah has less than five percent of its population non-white. Therefore, we believe it would be best to compare the pregnancy rates for the white population. I realize that total pregnancies includes spontaneous abortions or fetal deaths, however, the numbers are extremely small and the divergence in reporting makes comparability difficult. Most likely they wouldn't greatly effect the pregnancy rate anyway.

It may be that no State has abortion data for 1970. Wherever data are not know you may so indicate. I realize that except for 1970 and 1980, the population data will be estimates. If any of the other data you provide are estimates, please so indicate. If I could get this data from the NCHS, I would, but as you probably know, 1978 is as recent as they can provide.

Your assistance in providing this data on a timely basis will be greatly appreciated.

Sincerely,

John E. Brockert, Director
Bureau of Health Statistics

Enclosure

Cynthia Turnure, Ph.D.
Director of Planning, Research, and Evaluation
Chemical Dependency Program Division
Department of Public Welfare
St. Paul, Minnesota

The testimony I will present today is based on my experience as a user of federal statistics in a variety of substantive areas (including criminal justice, juvenile delinquency, and alcohol and drug abuse) for state-level planning, research and decision-making. My current position is that of Director of Planning, Research, and Evaluation for Minnesota's State Authority on Alcohol and Drug Abuse. I formerly served as Research Director of the Minnesota Crime Control Planning Board and as Director of the Minnesota Statistical Analysis Center. In addition, I have been a member of a number of national advisory groups and organizations concerned with federal statistics, including the Bureau of Justice Statistics Advisory Board, the National Academy of Public Administration's Panel on Criminal Justice Administrative Statistics, the National Crime Survey Redesign Consortium, and the Criminal Justice Statistics Association.

I would like to provide the Subcommittee with several specific examples of uses made at the state level of federal statistics. I would then like to set forth a few basic principles and recommendations that may assist both the federal government and the states as we re-examine our respective roles in preparation for entering the era of "New Federalism." In a time of both declining resources and changing state-federal relations it seems particularly important that those at all levels of government attempt to make well-informed, thoughtful decisions about the future of federal statistics.

One of the important uses that states make of federal statistics is in determining how they stand (in terms of resources, the extent of certain problems, etc.) compared with other states. For example, in a recent report prepared for our legislature[1] we included information on how

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[1] Turnure, Cynthia. Minnesota's Chemical Dependency Programs: A Preliminary Evaluation Report. St. Paul, Minn: Chemical Dependency Program Division, Department of Public Welfare, 1981.

Minnesota compares to other states in terms of state, local, and federal funding for drug and alcohol programs. State legislatures are very much interested in such comparative statistics, and will become increasingly so as they are asked to make difficult choices concerning which programs to continue under block grants and the "New Federalism." It is important that such comparative data be collected as carefully and accurately as possible, with as much input as possible from states and other users as to definitions, coverage, methodology, etc., given the increased significance of such data for state decision-making.

Another important use of federal statistics by states involves the use of socio-demographic data (such as basic Census data) for estimating and projecting the nature and extent of significant social, health, and other problems. We are currently using Census data[1] in conjunction with various other social indicators data (e.g., drug and alcohol-related arrests and convictions, deaths, traffic accidents, etc.) in order to estimate the number of problem chemical users in various parts of the state who may be in need of some form of treatment. These estimates, in conjunction with data on clients already in treatment, are an important part of our needs assessment and planning activities. Established surveys such as the Census are crucial to such efforts, as are periodic surveys of the incidence and prevalence of certain social/health problems (for example, the annual survey of drug use by high school seniors and surveys of drug and alcohol use by the general population).

A final example of our use of federal statistics at the state level involved the analysis of socio-economic data (e.g., population size, juvenile population, unemployment, and average family income), crime rate data, and criminal justice system expenditure data in order to identify geographic areas with higher than expected crime rates as targets for criminal justice planning efforts.[1] A similar type of analysis was used to relate criminal justice system expenditures to system performance measures in order to maximize the impact of additional resources on the crime rate.[2] Both of these efforts relied heavily on Census Bureau data (both the regular census reports and the Expenditure and Employment Data for the Criminal Justice System collected by the Census Bureau for the Justice Department).

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[1] After this testimony was drafted I learned that we have still not been able to acquire 1980 Census data for this project, a problem which may be related to recent cutbacks at the Census Bureau.

I would like to turn now to a few basic principles and recommendations that I feel are important in making decisions about the future of federal statistics, at least from the state perspective.

1. In order for federal statistics to be useful to states, it must be possible to extract state-specific information. State users must be able to see their own data, and to see how they stand compared to other similar jurisdictions. Sub-state (e.g., city and county) breakdowns are also often useful for state planning and decision-making.

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[1] The Identification of Target Areas for Criminal Justice Planning. St. Paul, Minn: Governor's Commission on Crime Prevention and Control, 1976.

[2] Genadek, Donald, and Coleman, Stephen. Costs and Performance of Criminal Justice: A Statistical Analysis of Minnesota Counties. St. Paul, Minn: Governor's Commission on Crime Prevention and Control, 1977.

2. State-level users of federal statistics should be involved in the design of such efforts to the maximum extent possible. If federal data collection efforts use definitions or categories that are not relevant or useful to state-level users (as is currently the case in some drug and alcohol surveys), the quality and usefulness of such data collection efforts will suffer. States should also have input into the types of reports produced.

3. There should be increased emphasis on and support for the analysis and utilization of federal statistics, particularly at the state level. If statistics are to influence important decisions at the state and federal level they must be used. It is not enough to just support data collection *per se*, without simultaneous support for analytic efforts, dissemination of results, and the utilization of results. This has been a weakness of a number of federal statistical efforts as far as state users are concerned. Support for and demonstrations of the use of statistics are needed especially at the state level as states assume more responsibility for many social and other programs. While states may vary as to their level of technical expertise in statistical analysis, with increased attention to their needs and a limited investment of resources a great deal more use could be made of existing federal statistics.

I appreciate the opportunity to present these thoughts to the Subcommittee, and I would be happy to answer any questions that may have been raised by my testimony.

CITY OF PHOENIX • OFFICE OF THE MAYOR

MARGARET T. HANCE
MAYOR

March 11, 1982

The Honorable Robert Garcia, Chairman
House Subcommittee on Census and Population
Room 1711
Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Garcia:

Thank you for inviting me to comment on the impact of budget reductions on the utility and quality of Federal statistics. I appreciate the opportunity to provide testimony for the House Subcommittee on Census and Population on this issue.

The City of Phoenix recognizes the necessity for accurate, complete, and timely statistical data. During the 1980 Census, a computation error initially deprived the City of nearly 25,000 residents. This would have amounted to a loss of millions of dollars in State and Federal aid during the next ten years and possible underrepresentation in Congress. Fortunately, the Census Bureau corrected the error. This experience brought to our attention the many needs for statistics that accurately reflect conditions in a timely manner.

Approximately 95% of the Federal statistics used by the City are from the U.S. Department of Commerce, Bureau of the Census. This information is used as the basis for the receipt of State and Federal funds, eligibility for State and Federal programs, administration of City programs and services, and determining long range needs of our growing population. Census Bureau data are the primary determinants for many budget and policy decisions made at the local level. Some of the most obvious examples include police and fire, housing, human services, sanitation, and water.

The reduction in the Postcensal Population Characteristics Program will have an impact on the City of Phoenix. As the second fastest growing major city in the nation, we are especially concerned that the development of population estimates be available on an annual basis. A reduction in the frequency of these statistics would jeopardize our status as a growth community when determining Federal Revenue Sharing distribution and participation in other State and Federal funding programs.

Thank you again for the opportunity to provide the City of Phoenix' comments on this issue.

Sincerely,

Margaret Hance
Margaret T. Hance
MAYOR

the Aluminum Association
Incorporated

818 Connecticut Avenue, N.W.
Washington, D.C. 20006
(202) 862-5100

April 5, 1982

The Honorable William D. Ford
Chairman, House Subcommittee on Census and Population
601 Annex 1
300 New Jersey Aveneu, S.E.
Washington, D.C. 20515

My Dear Mr. Chairman:

The Aluminum Association is most disturbed over the interruption and delays in Federal statistical programs brought on by recent budget reductions. The economy, and particularly the aluminum industry, are experiencing difficult economic conditions, and the need for regular, timely statistics is never greater than during the current period of business uncertainty.

We support many other industries in urging that steps be taken immediately to restore order to what has become chaos in the publication and release of vital economic series and indicators that our member companies rely on as a guide for their business.

We are particularly upset over the severe cutbacks in personnel in the Industry Division of the Bureau of the Census, on which our industry relies for vital information. Specifically, we refer to two Current Industrial Report Series--both monthly reports--M33-2: Aluminum Ingot and Mill Products, and M33E: Nonferrous Castings. The first is a mandatory reporting program under the Defense Production Act of 1950, since aluminum is an important controlled strategic material. Furthermore, the M33-2 report is supported financially by the Aluminum Association in order to obtain the data on a monthly basis. As of this writing (March 29), we have just received a report on December 1981 shipments, making this report over a month later than normal. Due to personnel cutbacks, we're told availability of the final summary for the year (which will contain all corrections and adjustments received during the year) is indeterminate.

Although the Association conducts some surveys of its own, it cannot duplicate the M33-2 report because its mandatory reporting requirement provides far wider coverage. Both industry as well as government departments concerned with our national defense, are suffering a loss of vital information, the impact of which is incalculable.
With the nation's economy in trouble, drastic budget reductions in Federal Statistical programs appear very short sighted. These provide vital economic measuring sticks needed to help business, government and the nation find the direction to economic recovery. We urge Congress to rectify this situation before it gets worse.

Sincerely yours,

John C. Bard
President

STATEMENT TO THE SUBCOMMITTEE ON CENSUS AND POPULATION OF THE HOUSE COMMITTEE ON POST OFFICE AND CIVIL SERVICE BY E. PAUL BARNHART, ON BEHALF OF THE COMMITTEE ON HEALTH INSURANCE OF THE AMERICAN ACADEMY OF ACTUARIES

March 16, 1982

Mr. Chairman and members of the Subcommittee, my name is E. Paul Barnhart. I am a member of the American Academy of Actuaries and am submitting testimony on behalf of the Academy's Committee on Health Insurance. I am also an independent professional consulting actuary, nationally known as a specialist in health insurance. I serve all forms of clients needing actuarial help in this field: insurance companies, non-profit service corporations, welfare plans, professional and trade associations, governmental agencies.

The American Academy of Actuaries is a professional organization composed of actuaries practicing in a variety of fields, including the field of health insurance. Attached to this statement as Appendix A is additional information about the Academy.

In health insurance actuarial work, the principal areas in which federal statistics are utilized are as follows:

1. Medicare and Medicaid Statistics

   Medicare and Medicaid statistics concerning utilization and cost of all forms of provider services have become very important. This is due to the increasing volume of Medicare Supplement insurance plans sold privately, as well as other health care programs having some relation to these two federal programs. Actuaries, private insurance companies and state insurance regulatory agencies all depend on the available federal data quite heavily in this area.

2. Social Security Disability Data

   An increasing number of private disability plans, both group and individual, involve some form of supplementary integration over Social Security disability benefits. Availability of federal data and actuarial analysis in this area is important to the pricing of these private insurance programs.

3. Other Data Published by the U.S. Labor Department, Health and Human Services Department, Census Bureau, etc.

   Several other types of data gathered and published by federal agencies in such areas as incidence and types of accidents, incidence of various diseases, utilization of health care services, trends in costs of such services, etc., are very useful to actuaries, particularly when working with new or experimental benefit plans for which limited data, or none at all, is available from private insurance sources. At times, there is little data from which to begin other than what can be obtained from federal statistical sources.

Finally, there are areas of practice other than health insurance actuarial work in which federal statistics are used. For example, actuaries frequently use the various life tables prepared subsequent to each decennial census of the United States. These tables provide the best information that exists on mortality rates of the U.S. population as a whole and also provide useful breakdowns among various components of the U.S. population.

While this statement is a very brief summary, I hope that the Subcommittee will find it of some value. In the event further analysis is necessary, I would be most happy to provide my assistance to the Subcommittee in its investigation.

AMERICAN STATISTICAL ASSOCIATION
FOUNDED 1839
806 – 15th Street, N.W. • Washington, D.C. 20005 • (202) 393-3253

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March 1, 1982

MAR 09 1982

The Honorable Robert Garcia
Chairman, Subcommittee on Census
and Population
House of Representatives
Congress of the United States
Washington, D.C. 20515

Dear Mr. Garcia:

I am responding to your letter of February 18, 1982 in regard to the provision of written testimony on problems to be anticipated as a consequence of possible reduced resources for Federal statistical programs. I comment as Past-President of the American Statistical Association and because of general concern for the quality of government statistics. As a mathematical statistician primarily concerned with the development of statistical theory, I cannot comment as a major user of Federal statistical data.

There has been considerable furor over the past two years in regard to the small but acknowledged undercount of minorities in the 1980 U.S. Census. The difficulty would probably have been unnoticed if it had not been for the efforts of the Bureau of the Census to deal with the problem and it would not have been regarded as important except for the recent use of Census data in revenue sharing determinations. It seems likely that more and more reliance will be placed on census data if more and more present Federal programs are turned over to States along with corresponding funding allocations. Other statistical indices play an important role in American life. The cost of living index has a major role in salary determinations and in inflationary adjustments to Social Security payments and "indexed" pension programs. There is concern among statisticians about the quality and reliability of statistical indices in the future if there is a major reduction of resources available for their production. For example, data based on samples will be less reliable if sample sizes are decreased. Breaks in the availability of statistical information would be very detrimental to many major demographic and economic studies by scholars throughout the country. It seems to me that the whole congressional process of decision making is highly dependent upon reliable statistical information.

The Honorable Robert Garcia
March 1, 1982
Page two

My personal use of Federal statistical information is very limited. I have been concerned with class action cases and the use of statistical evidence in the courts. Such information as is provided by the U.S. Bureau of Census for Standard Metropolitan Statistical Areas is heavily used in arguments for and against claims of sex or racial discrimination. One could argue that much better data is needed in this area and that upgrading of data on a sampling basis between censuses is also needed. It seems likely that such statistical information may disappear or have reduced quality if major reductions in resources take place.

Statistical programs seem to be easy targets when budget reductions are considered. Funding provided for this work does not appear to affect constituents directly and consequently no major protest is likely to result. That the quality of statistical data does affect all voters indirectly is not well understood. I do urge you and your subcommittee to support all Federal programs producing important statistical measures to the extent that the availability and quality of these measures is not impaired, even though some budget reductions may be justified.

Thank you for your invitation to comment on these issues.

Yours very sincerely,

Ralph A. Bradley
Past President

Return address:
Department of Statistics
Florida State University
Tallahassee, FL. 32306

RAB/sl
cc: Dr. Fred C. Leone
Dr. Katherine Wallman Copafs

AWA
AMERICAN WATCH ASSOCIATION

March 15, 1982

Hon. Robert Garcia
Chairman
Subcommittee on Census and Population
Committee on the Post Office and Civil Service
Room 309
Cannon House Office Building
Washington, D.C. 20515

Re: Fiscal Year 1983 Authorizations For U.S. Government Data Collection Functions

Dear Mr. Garcia:

I am writing on behalf of the American Watch Association (AWA) to express our strongest support for the continuing collection and publication of government data with regard to U.S. production, exports and imports of watches, watch movements and watch related products.

The AWA is a trade association representing approximately 40 member and associate member U.S. companies which are engaged in the importation, assembly or manufacture of watches, watch movements and/or watch parts for sale in the U.S. and world markets. Members of the AWA include the companies that market such well known brands as Audemars Piguet, Bradley, Bulova, Casio, Chopard, Citizen, Concord, Girard-Perregaux, Hamilton, Helbros, Longines, Lucien Piccard, Movado, Omega, Piaget, Pulsar, Rolex, Ronda, Seiko, Waltham, Wittnaur and many others.

The U.S. watch industry is both highly internationalized and composed of relatively small companies. These two characteristics have acted to make our industry especially dependent on complete and accurate Federal data on watches and watch products. The industry is internationalized in the sense that a majority of watches sold in the United States contain foreign parts or are imported directly to this country. Our industry must rely on detailed statistics collected by U.S. government agencies with regard to the volume and value of these imports. We have no alternative means of compiling such information.

Moreover, the companies that comprise the U.S. industry are relatively small concerns, typically employing fewer than 100 persons. Certainly, these are firms without the internal means to generate accurate and thorough statistics about the industry as a whole. As the watch industry has undergone an evolution toward the production of electronic watches, and as technology has become an increasingly important element of change in our industry, AWA member companies have had to rely on U.S. government data to an even greater extent.

The need for such data collection transcends the needs of individual U.S. companies. The Federal government itself requires accurate and objective data to oversee the operation of an important aspect of the watch industry. The Departments of Commerce and the Interior are charged with administration of the General Headnote 3(a) watch assembly program in the U.S. insular possessions. This program -- which extends limited duty-free tariff treatment to watches and watch movements assembled or produced in the Virgin Islands, Guam and American Samoa in order to promote light industry in those U.S. territories -- demands an accurate assessment of U.S. apparent consumption of watches. The apparent consumption data are used by the departments to establish the annual quota for the General Headnote 3(a) program, a quota that is defined by statute as one-ninth of U.S. apparent consumption of watches and watch movements during the previous calendar year.

In order to derive the figure for apparent consumption, the Departments rely on calculations performed by the U.S. International Trade Commission which gathers the raw data from U.S. Customs Service and Census Bureau numbers for watch imports and exports.

The AWA is convinced there is a continuing need for government collected watch data which can be made available to the public. Accordingly, we urge the subcommittee to maintain funding authority for the data collection activities of the ITC, Customs Service, Census Bureau and other Federal agencies involved in the watch industry.

I appreciate this opportunity to express our views.

Respectfully submitted,

Bertram S. Lowe

Bertram S. Lowe
President

APR 13 1982

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April 6, 1982

1982 [illegible] 2 57

The Honorable Robert Garcia
Chairman
Subcommittee on Census and Population
Committee on Post Office and Civil Service
United States House of Representatives
Room 601, Annex 1
Washington, D.C. 20515

Dear Chairman Garcia:

We welcome your hearing of March 16 regarding the status of the Federal Statistical program.

We know that you will give careful consideration to the testimony of business witnesses given March 16. Of particular interest are reporting programs of Census, Bureau of Economic Analysis, Bureau of Labor Statistics, Treasury, the Federal Reserve System and Interior mentioned during the hearing.

Your remarks and the testimony demonstrated a need for a more intensive, overall review of statistical programs.

When more details of the nature and severity of the budget cuts are available, we will examine the issues raised in greater detail.

Very truly yours,

David M. Marsh

David M. Marsh

Statement Submitted for the Record
by
The Children's Defense Fund
(Marian Wright Edelman, President)

Mr Chairman and Members of the Committee: the Children's Defense Fund appreciates the opportunity to submit a statement of the impact of recent budget and staff reductions on the availability of federal statistics about children and their families.

CDF is a national public charity created to provide systematic and thoughtful advocacy on issues that affect children and families. We have produced more than a dozen books and reports on health, social service, education and income support issues and programs. We also respond to information requests from a network of over 2,000 local children's and parents' organizations that call us on a toll-free telephone line. We do not accept federal funding and are limited to support from foundation grants and individual contributions; we could not afford to replicate even a small portion of the federal statistical system.

We are very grateful to the Subcommittee for taking the time to look at the possible consequences in total of the many and diverse reductions in the federal statistical system. Data from the federal statistical system are used to plan, monitor, and evaluate the activities of almost every state and local government, many private firms, innumerable local charities and non-profit organizations, are reprinted by much of the nation's press. Those using the data may have come upon them in a newsclipping, a local government's report, or through a call to a national network such as CDF serves. The user is unlikely to know their origin in a handful of statistical agencies of the federal government - and a tradition that began with the nation itself.

A few simple principles determine what information belongs in the federal statistical system. Data essential to the operation of the federal government belong there - basic population data, unemployment and vital statistics, the components of the Gross National Product estimates, the allocative ingredients of the distribution of federal funds, the planning and operating statistics for federal programs. Federal statistics insure that states and localities have comparable national and local data by which to plan and measure locally administered efforts. This principle governs many systems: the Uniform Crime Reports, business and agricultural surveys, educational statistics, housing data, and even data from state administered (but federally funded) programs such as AFDC or Medicaid. Finally there are the numerous by-products of the efficiency of federal data collection - the data elements whose marginal cost is a vanishingly small addition to the basic cost of a justified survey, but which could never be collected by private means. The economies of scale in statistical data collection are perhaps greater than in any other enterprise save national defense. Among this group are many of the individual surveys we mention later.

Perhaps the simplest way we can show the extent of our dependence upon the federal statistical system is to give a sketch of some recent publications:

> Employed Parents and Their Children: A Data Book. This book draws upon more than 20 federal data systems, including 4 that are published.
>
> Portrait of Inequality: Black and White Children in America. This book made use of 42 federal statistical sources, of which 11 were unpublished.
>
> Where Do You Look? Whom Do You Ask? How Do You Know: Information Resources for Child Advocates. This is a compendium of local data sources, more than 90 percent of which were either federal systems or federally funded.

In the last two days our research section has answered four questions for local groups (including one from the press): how many Hispanic children were recipients of AFDC in a state; the average monthly AFDC payment per child in a specific rural county in California; the number of children detected with lead poisoning; and the poverty rate among children of single working parents in New York City. We could answer all but the last; in a few months or years we will be able to answer none of them. That is the concern we bring to you today.

In preparing for this testimony, we called every agency whose data - published or unpublished - had been important to us in the past and asked what will happen in the future. In many cases the agency did not know. In what follows we will report those losses that seemed to us both likely and among the most painful. We - and not the agencies - are responsible for any misunderstandings.

There are two points CDF would like to stress. First, we cannot sort out the effects of actual budget reductions from other restrictions. There have been personnel cuts (in the Census Bureau's Data User Services section for example) that will reduce our access to data collections that will continue but are unfamiliar to us, or are unpublished. There are personnel freezes that leave vacancies among analysts who in the past supplied us with unpublished tabulations. In a few cases (Juvenile Justice statistics appears to be an example) reductions in force in other, non-statistical, parts of an agency have led to restaffing the data sections with personnel who are not yet familiar with the data the may still possess. And quite often forms clearance limitations have eroded the content, scope, or coverage of a data system to the point where its present value is limited and its future budget justification thus in doubt. Sometimes data have died because the federal program was abolished entirely. CDF can't know which factor is the principal cause of a potential loss of valuable data. We only report the loss.

Second, we do not in the least imply that agencies have singled out children's data for elimination or delay - nor even that agencies have been unwise in deciding which among their many services can be eliminated at least cost to the nation as a whole. Drastic reductions have hadto be made on short notice by dwindling cadres of statisticians and data analysts. They have done as well as any other group of dedicated professionals might, under such circumstances. Perhaps a comment made to CDF put it best: "We saved what we could. But you have to remember we aren't a planning exercise - this is a damage control party in a ship taking fire."

We will now list those data systems of vital importance to us that we believe are abolished, restricted in scope, or in danger:

1. In December, 1980, the average child receiving AFDC benefits in Mississippi received 98 cent per day. In the future we will not know the corresponding amount, since the dollar amounts have been eliminated from the reporting system. We will know only counts of persons and federal disbursements for a non-comparable interval - we will not know how much reaches the average recipient.

2. In March, 1980, 1,200 children in the Medicaid program were detected with medical indications of lead poisoning. No data since that month have been published, although they may still be submitted by individual states. The separate program is also gone.

3. Three out of every four AFDC recipients in Presidio County, Texas is a child. The February AFDC count survey will now be limited only to counties within SMSA's, excluding all rural areas.

4. Unpublished Census Bureau analyses of the Annual Housing Survey first revealed that the apparent decline of Hispanic families in such cities as Atlanta was a response artifact, and that in reality the numbers of Hispanic families in such "atypical" cities had continued to grow between Censuses. The national survey has been cancelled at least for 1982; the city surveys reduced from 20 to as few as 12 per year; and the analytic resources that discovered the potential missinterpretation are much reduced.

5. Because the sample size for each city in the Housing survey has been reduced to roughly 4,000 many of the tables previously available by race, ethnicity, family structure, and presence of children will now unreliable and thus left unpublished.

6. The portion of Census data most often used to estimate the need for child care for children in low income families (counts of children in poverty level families with employed mothers) was contained in Part D. For the Census of 1980 it will no longer be printed, and the loss of

library funding will limit the ability of public libraries to buy the microfiche printers needed to make the data available in low income areas. The component of the Census Bureau that works with the State Data Centers to create alternative local sources of Census data is undergoing deep personnel reductions, and Federal support for the State Data Centers in the future is in doubt.

7. 70 percent of the total increase in poverty among children between 1969 and 1980 - and it increased by 30 percent between those dates - was due to the increase in the proportion of children who lived in female-headed families. From the Census of 1980 the planned (and previously published) Subject Reports are cancelled. We will no longer receive the analytic detail needed to address the major cause of the increasing poverty among children in the United States.

8. The biennial survey of the characteristics of AFDC recipients has not been published since 1977 and is now eliminated for 1981 and hereafter. These are the data used to estimate federal costs or savings from modifications in the program. They are also the sole source of race and ethnicity data in this federally funded, state administered program - and they are gone.

9. The cost of raising a child in the United States has recently topped $50,000. This widely cited figure ultimately derives from the "Autumn Budget" series of the Bureau of Labor Statistics, which in turn is based on an intricate and ingenious updating of consumer expenditure survey items by consumer price index components. The Autumn Budgets are gone, and their skillful creators transferred.

10. The coverage of Hispanic families in parts A through C of the Census of 1980 will be much expanded from the past - and that expansion is not in jeopardy - but the Census Bureau is now searching for outside funding for the subject reports on the Hispanic and Hispanic surnamed populations and the subject report on ancestry. It is not clear what other agencies would have such funding available.

11. One out of every seven American children has no known source of regular health care. The Health Interview Survey is the basic system for monitoring the incidence of illness and access to medicine of our children - and the rest of us. There is a real possibility that it may in the future be limited only to urban populations.

12. The Health and Nutrition Examination survey - that extraordinary caravan of mobile free health exams that gives us our direct measures of TB, malnutrition, dental conditions, and other impairments among children - is at the best postponed. The cycle originally planned for 1982 was the Hispanic HANES, the only effort of its kind in our nation's history.

13. We are extremely concerned that at a time when all major federal entitlement programs for children and families with children are being changed to "compensate" for multiple eligibility, the only data system that could have accurately assessed the acutal overlap among federal programs was eliminated after pretesting was nearly complete. The Survey of Income and Program Participation would undoubtedly be the most timely source of national policy data ever undertaken. Ironically the substitute - special analyses of March Current Population survey data - is not only inadequate because income from a previous year is attributed to thefamilies as constituted in the following March (thus after deaths, remarriages, and program terminations have induced vast changes) but may also become more inadequate in the future as its sample size is reduced. The relevant crossclassifications of program participants are already small enough to threaten the reliability of the estimates.

14. As other systems reduce their coverage to eliminate rural areas, it is important to remember that the Farm Labor Survey is already gone. The possibility of tracking the children in the U.S. migrant streams has vanished. Since the programs that serve migrant children (in education and health) are much reduced and may be ended, the use of administrative records as a substitute is doubtful.

15. The Special Labor Force Reports, published by the Bureau of Labor Statistics, have covered youth unemployment, children of working mothers - and unemployed mothers - and a host of other topics vital to the future of the American family. While summaries will still be published in the Monthly Labor Review, the detailed reports will no longer be published. While the unpublished data may still be tabulated, it will have to be requested by the public through correspondance. It is our experience that unpublished data are often singled out for subsequent elimination. In March 1980 almost 600,000 children under age 6 lived in female-headed families where the mother worked, and earned less than $7,000 in 1979. We may not know of these children in future years - and they are about half of all children under 6 living in female-headed households.

16. A handful of relatively inexpensive indicators drawn primarily from birth certificates point to those areas of the United States where infant mortality rates are high and are remaining high. These data were originally prepared for every health service area in the United States by the Cooperative Health Statistics System. The Statistical Notes for Health Planners, and the office that produced them, are gone. It is extremely painful to see so critical a resource in the struggle to reduce infant deaths vanish irretrievably.

17. The Census Bureau has had to move its neighborhood data - block statistics and census tract detail - to microfiche or even leave them on computer tape. This imposes a serious cost on small local government planning agencies, but it builds a wall in front of neighborhood parent groups working on shcool needs or housing issues. It is now sad to recall how often we at CDF have sent callers from the most local of our nation's political organizations to the oldest and greatest of our national data systems. Where do we send them now?

18. The Geographical Distribution of Federal Funds which followed funding to the county level has been abolished. While the actual work in preparing this annual report was done by the now eliminated Community Service Agency, its use derived from Office of Management and Budget directives linked to the Intergovernmental Cooperation Act of 1968. Yet OMB ended the publication abruptly, leaving even the already prepared FY 1981 data unpublished. A citizen group now has no means of locating federal programs operating in its locality.

19. Many of the catalogs, indexes, publications lists, and similar finding aids upon which an organization like CDF relies to find federal data and federal statistical analyses have been eliminated. Among them are the Government Printing Office's Selected Publications, the National Center for Health Statistics' Topical Guide to Publications, and the Health Care Finance Administration's annual compendia of statistics. Other sources - the Vital and Health Statistics Series 10 and 11 are the most painful example - have shifted to paid distribution. We support such charges. Our problem is that we cannot subscribe, but must instead discover and purchase each report separately.

20. Finally, we stress that we think the loss of trained statisticians and analysts, who were previously available to answer our many requests for individual help, will be grave. Those of us who are not part of

> the federal government depended upon a handful of federal employees whose alert and proficient help was irreplaceable. They are fewer now; and we are less able to do our own job well.

The items listed above are by no means all the losses of data and data quality we expect. We hope we are mistaken about those we have listed.

We ask that you do what you can to limit the loss of vital data systems and of the vital federal employees who harvest those systems for public use. Please impose or increase fees for publications; impose fees for reproduction of unpublished data; impose fees for data locating or interpreting assistance from analysts; offer paid subscriptions to publication lists from which orders for individual publications can be placed. Consider strengthening - or reestablishing - an effective coordination mechanism that can and will attempt to bring a reasonable balance between public good and public cost within the federal statistical system.

We have united to seek the common good together as a nation. We must not attempt it in ignorance of each others lives and well-being. The federal government must provide us a defense against nearer enemies than those who carry weapons abroad. Ignorance, disease, and dearth are among our children now; today we ask you to keep our nation's sentinels at their posts.

Thank you.

COMMUNITY COUNCIL OF GREATER NEW YORK

225 Park Avenue South • New York, N.Y. 10003 • (212) 777-5000

Honorable Robert Garcia
Chair, Sub-committee on Census and
Population
U.S. House of Representatives
Rm.223 Cannon House Office Building
Washington, D.C. 20515

March 12, 1982

Dear Congressman Garcia:

The Community Council of Greater New York is seriously concerned about the plan to eliminate the family budget research program of the Bureau of Labor Statistics, U.S. Department of Labor. The Council has relied upon these data for a number of its key program activities. Family budget data are essential to any assessment of the adequacy of income support programs, to the evaluation of eligibility criteria in income tested programs, and to appraising the economic well-being of families in New York City.

The legislative base of a number of human service programs requires reference to the BLS family budgets in determining eligibility and in many states public assistance grant levels are based upon the BLS lower budget. These programs must not be deprived of these data.

The family and retired couple budgets prepared annually by the Bureau of Labor Statistics have been a key data base for the development of the Council's own family budgets. These budgets prepared by our Budget Standard Service are widely used by the human services agencies in New York City in establishing fee scales and determining a family's ability to pay for social and health services, as a tool in family money management counseling, and as a basis for estimating revenue requirements for a variety of family types (the latter information used for example, by business organizations planning to deploy personnel to the New York City area, the U.S. Army in its local recruiting materials and others).

The absence of reliable family budget and living cost data for New York City in the future will seriously handicapp human services administrators and policy makers. Consumer price information will not meet this need. Trends in consumer price levels do not reveal the cost of living, a dollar figure which takes account of both the quantities and the prices of ocnsumer goods required.

We urge the Sub-committee on Census and Population to exercise its responsibility for oversight of all federal statistical programs and to require that the budget standard research programs of the Bureau of Laber Statistics be continued and strengthened.

Sincerely,

Mignon Sauber
Associate Executive Director
for Research

Bernard M. Shiffman
Executive Director

STATEMENT OF THE

COUNCIL OF CHIEF STATE SCHOOL OFFICERS

The Council of Chief State School Officers appreciates the opportunity to comment on the impact of recent budget reductions on the utility and quality of federal statistics. The Council is a non-profit organization comprised of the state superintendents and commissioners of education in the fifty states, six extra-state jurisdictions and the District of Columbia. They are the executives responsible for administering the nation's public education enterprise consisting of 87 thousand schools, enrolling nearly 42 million students and costing over 88 billion dollars. When combined with postsecondary and continuing education, this enterprise represents the largest single expense for state and local governments and is second only to national defense in Federal expenditures. It is only natural, then, that the stewardship of this enterprise demands complete and accurate information for accountability to the public and legislative bodies, for the support of effective decision-making and for the assessment of educational progress. As a result, the Chief State School Officers as collectors, processors, responders, and users of education statistiscs are in a unique position to provide insight into the potential impact of budget cuts.

A review of effective statistical and information systems indicates that successful programs are dependent upon the capability of respondents to provide uniform information. The federal government has long recognized that federal statistical programs will be upgraded in direct proportion and relationship to the improvement of such programs at the state and local levels. This concept is embodied in the Federal-State Cooperative data collection systems which have involved direct federal financial assistance to states for the development of their systems. Such cooperative systems have become operational in the

Department of Labor, Bureau of the Census, Law Enforcement Assistance Administration and the Department of Agriculture. Other specific examples of such systems include the Cooperative Health Statistics System and the Medicaid Management Information System.

In education, however, assistance activities have had an uneven history. Much of the failure to support the kinds of development that has occurred in other areas is undoubtedly due to the fact that a national program of education does not exist.
The states feel, however, that in an area where only 8% of the total expenditures are from federal funds, and constitutional provisions and legislative language emphasize the authority and autonomy of state and local jurisdictions, it is incumbent on those federal agents wishing to collect and aggregate data to assist in the development of systems that will encourage and expedite voluntary submission of valid, reliable and usable information. Assistance to the states for the development of information systems represents the most effective method of accomplishing this objective.

The first national attempt to improve information about the condition of education was made prior to 1950. Those efforts were directed primarily at improving conformity in the definition of education terms and the reporting of statistics, culminating in what has become known as the Handbook Programs of the National Center for Education Statistics. It was not until 1958 that federal assistance activities to improve educational information took the new direction of providing funds. In that year the National Defense Education Act (NDEA) was passed by Congress. Section 1009 of Title X of that Act was designed to assist "the states to improve and strengthen the adequacy and reliability of education statistics provided by state and local reports..."

It provided to each state up to fifty thousand dollars of federal money on a direct matching basis. In the first year of implementation, approximately one-half of the states took advantage of the available funds. Only five years later 49 of the 50 states had used monies from the program. As a direct result of Title X, the ability to generate quality educational statistics for both state and federal use improved dramatically.

In 1965, the picture changed drastically when Congress passed the Elementary and Secondary Education Act which provided funds, under Title V, for the general improvement of State Education Agencies, removing any specific appropriation for education statistics. As a result, in many states the statistics program suffered in the contest for funds with other, more pressing needs. Since 1965 there has been an ever increasing demand for educational information from the federal level concurrent with a decline of funds available to states for development of efficient reporting systems.

In recent legislative action Congress has recognized the predicament faced by states and the legitimacy of the need for federal support to assist in generating information required by the federal government in recent legislative acts.

The National Center for Education Statistics has been mandated by Public Law 93-380 to "assist state and local educational agencies in improving and automating their statistical and data collection activities." Public Law 95-561 authorized the Secretary of Education "to make grants from sums appropriated...to educational agencies, including state agencies responsible for postsecondary education, for the development or improvement of education management information systems." Authorization levels for that same provision in P.L. 95-561 were 5 million for FY79, 25 million for FY80, and 50 million for FY81 and FY82, however, no more than $500,000 in any single year was appropriated for elementary and secondary general statistics.

The National Center for Education Statistics established a Personnel Exchange and Capacity Building Grant Program as two mechanisms to meet its assistance mandate. These programs provided resources whereby states can share information about systems, procedures and methods among themselves (Personnel Exchange) and established a competitive grant program for states to secure developmental funds (Capacity Building). Both programs have been enthusiastically received by the states and are considered to be highly successful. To date, however, the assistance programs have been woefully underfunded and improvement will be negligible until adequate funds are made available.

As noted earlier, annual appropriations over the past several years have averaged less than $500,000 per year as contrasted with the authorization level of 50 million for FY82 and FY83. It is our understanding that NCES now plans to drop the Capacity Building Program in its entirety as a result of the FY1983 budget cuts.

The Statistical function at the state level will feel not only the reduction in the availability of federal dollars for their programs but will begin to be faced with fewer and fewer state monies as budget priorities are reestablished and redirected toward meeting the pressing needs generated by fewer dollars throughout the agency. This resource reduction is intensified by the increased state role and responsibility resulting from recent legislation.

The time has come when all must recognize that information and statistics are not "output" from a computer or information "they" supply at no cost to the federal government. Data, information and statistics are commodities-commodities which must be produced by someone and paid for by some person or agency. Currently the federal government is not appropriating sufficient funds to cover the costs of supplying quality information and state and local capabilities of diverting their funds to cover this need are rapidly diminishing.
The net result is a substantial reduction in data quality and availability. While the states are as reluctant as the federal government to see a deterioration in the long term relationship between states and the federal government in cooperatively striving for an efficient statistical system, serious concerns exist as to the future of this relationship. The major problem with the NCES supported Capacity Building Program is its token funding. At this point even that token support is being withdrawn. It is difficult to understand how the federal government will aggregate, edit and interpret meaningful, valid and reliable statistics from 50 states if those responsible in the 50 states do not have the resources to aggregate, edit and report meaningful, valid and reliable statistics from their collective 87,006 schools and 15,926 districts.

In summary, the Council of Chief State School Officers is firmly convinced that the federal government needs timely, accurate and comprehensive statistics on which to base the critical decisions that must be made in the area of education. The Council is equally convinced, however, that that kind of information results only when states are provided the opportunity to generate through their own statistical systems high quality data for their own purposes.

Education Commission of the States
Central Office
1860 Lincoln Street
Denver, Colorado 80295
Phone (303) 830-3600

MEMORANDUM

TO: ECS ADVISORY COMMISSIONERS

FROM: BOB ANDRINGA

DATE: MARCH 3, 1982

SUBJ: IMPACT OF REDUCTIONS IN FEDERAL STATISTICAL PROGRAMS

I was contacted last week by Mike Ferrell, Staff Director to the House Subcommittee on the Census and Population.

The subcommittee is in the process of assessing the impact of reductions in the statistical information being collected by the federal government. Two surveys are presently underway--one to all federal government agencies asking what data collection systems have been or will be eliminated or reduced in scope "whether or not this has been due to budget considerations," and one to states to determine what state data needs are, whether states have the technical ability and the fiscal capability to fund comparable data collection activities, and what data needs states presently have which "could be jeopardized" by budget cuts.

The overall question presented by Mike is whether "there is a need to have a standardized federal, national, statistical system." The information the subcommittee is in the process of collecting includes such items as reductions in geographic detail, sample sizes, evaluation of data, publication of reports--all factors which impact on the utility and quality of the data presented.

The subcommittee plans to hold its first hearing on the subject Tuesday, March 16 at 9:30 a.m. in Room 304 at the Cannon House Office Building. ECS is preparing a statement for the record on the use we make of federal statistics and the problems we anticipate as a consequence of statistical program reductions. I thought you might also be interested in sending a 1-2 page statement defining this problem as you see it. March 10 is the suggested deadline for these brief highlight statements. Mike would be interested in perhaps organizing a separate hearing on education data collection if the statements presented reflect a need. Please contact Mike directly at 225-6741 and send all statements to Representative Robert Garcia, Subcommittee Chairman, attention Mike Ferrell. The address is:

Room 601 House Office Building, Annex #1
Washington, D. C. 20515

FEDERAL STATISTICS USERS' CONFERENCE

SPECIAL ANALYSIS

BUDGETS FOR FEDERAL STATISTICAL AGENCIES
FISCAL YEARS 1981, 1982 AND 1983
(Thousand Dollars)

	1981 Actual	1982 Estimate	1983 Estimate
AGRICULTURE DEPARTMENT:			
Statistical Reporting Service:			
Crop and Livestock Estimates	47,135	45,675	46,941
Statistical research and service	6,300	5,961	6,753
	53,435	51,636	53,694
Economic Research Service:			
Economic analysis and research	40,446	39,360	40,584
Total, Agriculture	93,881	90,996	94,278
COMMERCE DEPARTMENT:			
Bureau of the Census *			
Current Programs	57,680	58,048	64,970
Economic and Statistical Analysis: *			
Bureau of Economic Analysis	17,053	17,378	18,567
Bureau of Industrial Economics	6,812	8,153	8,745
Economic Assessment & Policy Support	686	2,540	3,442
	24,551	28,071	30,754
Energy Information Activities:			
Collection, Production and analysis	52,353	60,410	37,072
Total, Commerce Department	134,584	146,529	132,796
INTERIOR DEPARTMENT:			
Bureau of Mines	13,381	19,597	20,408
HEALTH AND HUMAN SERVICES DEPARTMENT:			
Health Statistics (NCHS)	33,675	37,281	40,294
JUSTICE DEPARTMENT:			
Bureau of Justice Statistics *	14,745	15,120	17,332
LABOR DEPARTMENT:			
Bureau of Labor Statistics *	111,819	103,946	120,143
Occupational Safety & Health Admin. *			
Safety and Health Statistics	6,471	8,844	8,998
Total, Labor Department	118,290	112,790	129,141
TREASURY DEPARTMENT:			
IRS Statistical Reporting *	16,289	15,732	16,433

John

John H. Aiken
Executive Director

	1981 Actual	1982 Estimate	1983 Estimate
FOUNDATION FOR EDUCATION STATISTICS:			
National Center for Education Statistics *	8,499	8,589	8,747
CORPS OF ENGINEERS:			
Commercial Statistics	3,035	3,260	3,220
TOTAL FOR LISTED AGENCIES	436,379	449,894	462,649

* For these identified agencies the Budget document states that the appropriation for these accounts for 1982 had not been enacted at the time this budget was prepared. The 1982 amounts shown are based upon a continuing resolution (Public Law 97-92) in effect through March 31, 1982.

The preceding table and information that follows have been extracted from the *Appendix to the Budget for Fiscal Year 1983*. This document contains but a limited amount of information about line items for the Federal statistical agencies and no details are provided for specific programs included in the agency budget requests. When this information is provided to us by the Federal statistical agencies we will issue a supplemental Special Analysis.

AGRICULTURE DEPARTMENT:

Statistical Reporting Service -- In the area of crop and livestock estimates the Budget document states that major program modifications in 1983 include --

- An increase of $900,000 will provide improved quality of surveys on farm grain and oilseed stocks through instituting probability sampling methods;
- eliminating the *Farmline Magazine* which will result in savings of $232,000;
- savings of $1,212,000 associated with instituting subscription charges for SRS publications; and
- savings of $1,095,000 resulting from the elimination and modification of several special purposes surveys.

A major modification for the statistical research and service is an increase of $300,000 for the acquisition of LAND-SAT data.

COMMERCE DEPARTMENT:

Bureau of the Census:

The Appendix provides the following breakdown of current programs:

	1981 Actual	1982 Estimate	1983 Estimate
Current economic statistics programs:			
Business statistics..............	9,788	9,965	10,536
Construction statistics...........	5,804	6,290	7,000
Manufacturing statistics..........	8,151	7,680	8,799
General economic statistics.......	5,424	5,890	7,985
Foreign trade statistics..........	12,355	12,678	13,263
State & local government statistics	3,532	3,475	4,239
Agriculture statistics............	269	345	362
Current demographic statistics programs:			
Demographic surveys...............	5,993	5,538	5,852
Demographic reports...............	3,398	3,095	3,283
International statistics..........	769	769	1,018
Housing statistics................	422	422	525
Other programs & publications:			
Statistical abstract & supplements	1,204	1,272	1,369
General research..................	571	629	649
Total direct program..........	57,680	58,048	64,970

(figures in thousands of dollars)

It is proposed that the Quarterly Financial Report now prepared by the Federal Trade Commission be transferred to the Census Bureau. The 1983 request provides increased funding for this Report.

The 1983 request includes increased funding for a quarterly survey designed to provide information on financial assistant programs of the Federal Government. It is proposed that this program now administered by the Community Services Administration be transferred to the Census Bureau.

For Periodic Programs, the Appendix states that the 1983 budget provides for a reduced Census of Agriculture allowing for data content and quality comparable to that published for 1978. The Area Sample survey first conducted in 1978 will not be repeated. In addition, the island censuses and follow-on surveys will not be conducted.

Economic and Statistical Analysis:

Economic Assessment and Policy Support--The Budget document states that the objective of this activity is to support the Assistant Secretary for Economic Affairs' responsibilities for program coordination and policy oversight in the area of economic, industrial, and statistical analysis and the Assistant Secretary's role as spokesperson for the Department on current economic developments.

Energy Information Activities:

The Energy Information Administration is in the Department of Energy. The *Appendix* states that the activities included in this account are proposed for transfer to the Department of Commerce, Energy Programs effective October 1, 1982, and are included in the account Energy Information Activities.

LABOR DEPARTMENT:

Bureau of Labor Statistics:

The *Appendix* provides the following breakdown of BLS programs, (Figures in thousands of dollars):

	1981 Actual	1982 Estimate	1983 Estimate
Labor force statistics..............	38,862	34,782	39,967
Prices and cost of living...........	38,224	38,616	44,117
Wages and industrial relations......	14,523	12,891	14,819
Productivity and technology.........	3,526	3,398	4,036
Economic growth & employment projections.......................	2,553	3,346	2,758
Executive direction & staff services	14,131	11,913	14,446
Total direct program..............	111,819	103,946	120,143

FOUNDATION FOR EDUCATION STATISTICS:

The National Center for Education Statistics is within the Department of Education. The Budget *Appendix* states that the activities included in this account will be transferred to the Foundation for Education Assistance effective October 1, 1982, and are included in the Foundation for Education Assistance, Educational research and statistics account.

February 1982

MAR 1 1982

FLORIDA
OCCUPATIONAL
INFORMATION
COORDINATING
COMMITTEE

February 24, 1982

Mr. Robert Garcia, Chairman
Subcommittee on Census and Population
House Committee on the Post Office and
Civil Service
U.S. House of Representatives
Room 601, House Office Building, Annex #1
Washington, D.C. 20515

Dear Mr. Garcia:

I understand that the House Subcommittee on the Census and Population plans to hold hearings on March 16, 1982 to examine the impact of federal budget cuts on available federal statistics. I am writing to you from the perspective of occupational data needs of agencies which comprise the Florida Occupational Information Coordinating Committee.

As you are aware, the National network of Occupational Information Coordinating Committee was mandated by the requirements of the Vocational Education Act of 1963 as amended in 1976 and the Comprehensive Employment and Training Act amendments of 1978. In states, the Committees are comprised of producers and users of occupational data represented by State Employment Security, Vocational Education, Vocational Rehabilitation, and CETA agencies. The Committee's central charge is to develop an occupational information system from existing federal and state data resources to assist agencies in responding to the job needs of state and local labor markets, and the career information needs of individuals.

The creation of such a system is dependent on data resources that, though produced by state agencies, receive funding, technical guidance, and standardized approaches through federal agency initiatives. The continued availability of these types of data is critical both to the responsiveness of state programs to state and local labor market needs and to federal oversight and policy direction.

Before identifying our specific concerns, I would like to provide some overall comments. This nation's system of labor market and occupational information is not housed in a single federal or state agency. Some of the information is generated by the U.S. Department of Labor and its state counterparts through the Bureau of Labor Statistics, the

Bureau of Apprenticeship Training, the Employment and Training Administration, and the United States Employment Service. Some is generated through the U.S. Department of Commerce, especially the Bureau of the Census. Likewise, some is generated through the U.S. Department of Education and the National Center for Education Statistics, the U.S. Department of Agriculture, and others. The National-State Occupational Information Coordinating Committee effort has worked for over four years to consolidate and standardize programs of these agencies toward the development of State Occupational Information Systems. The fact that there are a myriad of resources has both good and bad points. On the plus side, we are able, with existing resources, to reasonably represent trends in occupational supply and demand with information on wage rates and training/education requirements in a manner that helps in program planning and in career guidance, on the negative side, the fact that there are a myriad of resources frequently makes it difficult for researchers, economic development specialists, CETA prime sponsors, educators, private industry groups and others to clearly see the utility of using existing resources. This leads to a sense of mistrust on the part of state and local professionals and often leads to the use of public resources to do surveys and other forms of research that frequently confuses the picture even more. It also is unnecessarily expensive.

The Florida Occupational Information Coordinating Committee and its counterparts in other states have worked with agencies and organizations throughout the State to assist them in understanding how existing resources can be used to accomplish program objectives. This type of assistance has been directed to planners and technicians as well as to counselors and career guidance professionals. This has resulted in an increased awareness and use of existing data and more efficient use of resources.

However, now that there is an increased awareness and use, a few data resources are seriously threatened because of reductions in available funds. The need for labor market and occupational information, however, remains strong and will even be stronger if legislative initiatives such as those introduced by your colleagues in the House and Senate regarding employment and training including the Kemp-Garcia proposal for enterprise zones become law. If a systematic federal-state labor market/occupational information system is not maintained, state and local professionals will have to go it alone which will be extremely expensive and will lead to inconsistency among states. Programs which are threatened, yet which are critical to current initiatives, are identified below.

1. Occupational Analysis Field Centers, U.S. Department of Labor. Several occupational analysis field centers have been closed, such as the one in Tampa, Florida which served States in the deep south. These centers are charged with updating the nation's Dictionary of Occupational Titles. The Dictionary is the most complete and detailed identification

of the requirements of occupations in the world. It specifies training and education requirements, tool requirements, working conditions, and other information on some 10,000 types of occupations. The field centers do intense investigations of jobs on-site with employers to develop standards. The resulting information is used in career guidance, the development of vocational curriculum, and program planning. The closing of field centers seriously threatens the ability of the nation to track changing occupational requirements as well as to identify new and emerging occupations.

2. Occupational Employment Statistics Program, U.S. Department of Labor. This is a joint federal-state program that provides a means to project occupational opportunities into the future. It is the only resource that provides current and projected occupational employment and openings data in the nation. The program is currently operating in over forty states. Data are used in planning vocational programs, CETA programs, university-level programs, economic development programs and in assisting individuals in making career decisions. Funding and technical support through the U.S. Bureau of Labor Statistics is critical to state programs yet has diminished substantially during Fiscal Year 1982. There are indications that the Bureau plans further reductions in the program in Fiscal Year 1983.

3. Vocational Education Data System, U.S. Department of Education (National Center for Education Statistics). The Vocational Education Data System is a federal-state effort which systematizes the collection of information regarding the conduct and occupational outcomes of vocational programs. It is the primary resource that provides for an evaluation of vocational training activity and is also used to evaluate the supply of trained workers to the labor market. In conjunction with occupational demand data (from the Occupational Employment Statistics program outlined above), it provides education and labor planners with the ability to analyze labor market trends regarding the interaction of occupational supply and demand. There are indications that funding for this program will decrease in Fiscal Year 1983 and subsequent years. The absence of these data will make assessments of the responsiveness of vocational programs to labor market needs difficult in most states, impossible at the federal level.

My overall concern is that we have enjoyed substantial progress in the past few years in developing a more responsive employment, education, and training system. The loss of existing data resources, rather than their improvement, will cause significant set backs in the ability of state and local programs to be responsive to the labor needs of employers and the job needs of workers.

I ask that you consider my comments as you proceed with your Subcommittees concerns.

Sincerely,

Eleanor Morgenthau

Eleanor Morgenthau
Director, FLOICC

EM/dn

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March 10, 1982

MAR 12 1982

The Honorable Robert Garcia
The United States House of Representatives
Room 1711
Longworth House Office Building
Washington, D.C. 20515

My dear Mr. Garcia:

Thank you for your invitation to prepare written testimony regarding our use of federal statistics and problems we anticipate as a consequence of reduced resources for federal statistical programs.

Our firm, Mathematica Policy Research, Inc., is a for-profit organization that was founded in 1968 to operate the nation's first large-scale social policy experiment, the New Jersey Negative Income Tax Experiment. Since that time, MPR has undertaken numerous research and evaluation studies for the domestic agencies of the U.S. government and other clients, designed to increase relevant knowledge for informed policy planning in the areas of income distribution and welfare policy, labor and manpower policy, family issues, education, health, housing and energy. MPR has developed a computer model of the U.S. population, the MATH model, that has been used extensively by Congressional and Executive branch agencies for cost-benefit analyses of current government tax and transfer programs and proposed alternatives.

For many studies, MPR analysts rely heavily on publicly-available data sets obtained from federal statistical agencies such as the U.S. Bureau of the Census, Bureau of Labor Statistics, Energy Information Administration, and others. The computer model of household behavior referred to above requires a large household data file as input. The model regularly uses the March Current Population Survey data files (also called the Annual Demographic Supplements) and has also used public use microdata samples of the Decennial Census and the 1976 Survey of Income and Education. Needed data items that are not available on these general household data sets are frequently obtained using statistical merging techniques with specialized data sets such as the Health Interview Survey, the Annual Housing Survey, and the Survey of AFDC participants.

An Equal Opportunity Employer

Use of the MATH model for important government policy analysis would not be possible without the availability of public data files from federal statistical agencies. It would be prohibitively costly for the private sector to attempt to duplicate surveys of the magnitude of the Current Population Survey on a one-time, let alone continuing, basis. The vast experience and specialized expertise of federal agency staff that go into maintaining the high quality of the sample, questionnaires, and interviewing and data processing techniques for programs such as the CPS represent an invaluable and practically irreplaceable national resource.

Hence we at MPR are very concerned by the recent Reagan Administration initiatives to cut back federal statistical programs. We understand that, in a time when government cutbacks are necessitated across the full range of federal activities, statistical programs must bear their share. However, we are concerned that the quality and scope of key household data sets are being adversely affected and that important advances in household data that were being implemented or close to implementation are being negated. As we noted before, it is not possible for private efforts to replace government programs for data bases of the magnitude we are discussing. Given that such data are vital for informed planning of government policies and programs in areas such as tax and transfer policy, we can only be dismayed at the possible adverse effects of statistical cutbacks.

Cutbacks in two areas are likely to have major negative impacts on the government's ability to obtain high quality estimates of the effects of current and prospective government programs. These areas are: (1) cutbacks in the sample size of the Current Population Survey that will affect the reliability of estimates for states and other subnational areas; and (2) cancellation of on-going or planned surveys that provide a longitudinal picture over time of changes in household composition, income and other characteristics. Such surveys are key to understanding the dynamics of population change in the U.S. and how these changes interact with government tax and transfer policies to affect the federal budget, economy, and population well-being.

Cutbacks in Current Population Survey

In 1982 approximately 13,000 addresses were eliminated from the CPS monthly sample, reducing the monthly sample size by 15 percent. The households eliminated from the sample were drawn from two special supplementary samples added the previous year to strengthen the reliability of CPS estimates of characteristics for some 30 metropolitan areas and a selection of states.

The sample reduction runs directly counter to the recommendations of the recent National Commission on Employment and Unemployment Statistics (NCEUS). It might be argued that the sample reduction does not affect present usage of CPS data (employment and unemployment estimates in the affected states and areas are not presently based directly on CPS results), and that the upcoming CPS sample redesign will redistribute sample households from heavily sampled states to less heavily sampled states, thereby improving state estimates on the whole. However, these arguments overlook new demands for state and metropolitan area data as the Administration attempts to transfer authority over many social programs to the states. The sample reductions have already affected the reliability of the data available for state level policy analysis, while implementation of the CPS sample redesign is still several years away (in fact, recent decisions have set back the schedule for the redesign). We view with dismay the sample reduction in the CPS because of its adverse effects on social policy analysis and decision-making.

Cancellation of Longitudinal Surveys

The cancellation of the Survey of Income and Program Participation (SIPP) eliminates a unique data source that would have been of inestimable value in understanding critical public policy issues such as who receives what government program benefits and are they inadequate or overly generous. The SIPP was designed to remedy several major weaknesses in the data presently available for policy analysis. Among the unique contributions of SIPP were to have been its collection of detailed data on income and transfer program participation by month and a longitudinal sample design that is essential to assessing how well these programs work.

Changes in income and family composition over the course of a year reduce the validity of annual income as a basis for measuring the economic well-being of families and persons. Furthermore, most government transfer programs define eligibility on a monthly or only slightly longer basis; policy models used to project program costs or weigh the effects of prospective program changes must use approximations based on annual data, which hamper their effectiveness. With the elimination of SIPP, these weaknesses of current analysis will persist.

Likewise, without successive observations of the same households, it has been impossible to obtain an accurate picture of the persistence of poverty, of turnover in transfer programs, or the effects of economic circumstances (including federal aid) on family life. The longitudinal design of SIPP held out the hope of major advances in the analysis of these and other issues, but these opportunities have now been eliminated. On a related point, recent reductions in funding for the production of public use files from the 1979 ISDP Research Panel--the final test survey for SIPP and, to date, the most important product of the SIPP developmental effort--will adversely affect the quality and completeness of the data made available to policy analysts.

Moreover, the likely termination of the long-running Panel Study of Income Dynamics, a more limited (in some respects) longitudinal income survey with different objectives than SIPP, will leave the country with virtually no data with which to study long-term family economic circumstances.

Cutbacks in User Services

Finally, we should note that, in addition to the problems we anticipate from the cutbacks and cancellations of important statistical programs discussed above, we are concerned about the overall reduction in the federal government's data user services and coordination efforts. It may appear a small item, but cancellation of the monthly Statistical Reporter, without apparently even asking users whether they would be willing to pay for subscriptions, causes us dismay. This particular publication provided a very useful overview of current and proposed developments in federal statistical programs.

For the government to maximize use of its data by outside researchers and the general public and therefore maximize the return to the dollars spent in data collection, there must be efficient mechanisms for users to keep abreast of new developments and available information. Reducing the size and scope of the central statistical coordination staff in the Office of Management and Budget, cutting out publications like the Statistical Reporter, and reducing data user services staff in federal statistical agencies can only have the perverse effect of raising the costs of efficient data access by the user community, as individual users have to spend more time and resources attempting to track down information about available data. Reduction of the central coordinating staff also can only increase the costs of data use, as the government's data collection efforts become more fragmented and less comparable in methods and definitions of variables, so that users must spend valuable resources reconciling content and format of data collected by different agencies.

We hope that efforts to bring to light concerns of users, as your committee is doing, will permit making hard decisions about necessary cutbacks in federal statistical programs in a more rational manner than appears to have been the case thus far. Priority needs of users must be taken into account, if the best decisions are to be reached for the future of vital federal statistical programs.

Other MPR staff who contributed to this letter include Harold Beebout, Vice President, John Czajka, Research Sociologist, and Pat Doyle, Researcher.

Sincerely,

Constance F. Citro

Dr. Constance F. Citro
Vice President

MEXICAN AMERICAN LEGAL DEFENSE AND EDUCATIONAL FUND

The Mexican American Legal Defense and Educational Fund (MALDEF) is a national civil rights legal and advocacy organization serving Hispanics. MALDEF maintains litigation, advocacy, and research programs in a wide variety of civil rights issue areas, including employment, education, voting rights, Chicana rights, immigration and naturalization. Census data are vital to our programs in all of these areas, and we depend on timely release of census reports.

MALDEF's current programs are hindered in several ways by the unforeseen and inordinate delays in publication of data from the 1980 census. As members of the Subcommittee are aware, only the general population and race/ethnicity data from the 1980 census have been published. All other data are late by six to twelve months so far, and further delays are anticipated. We understand that some additional data from the short form, including housing and age data, may be published in the near future, but that reports on long-form data are still remote. This is extremely troubling to MALDEF. We depend on detailed economic, occupational, educational, and other demographic data for work in many of our activities. We are hindered in these activities not only by the lack of information, but by the fact that we have built-in to many of our advocacy and planning activities the assumption that most of the basic 1980 census data would be published in 1981.

Our problems are perhaps best illustrated by two specific examples.

In Lewis v. FMC, N.D. Cal. No. C-74-2327, a large employment discrimination class action brought under Title VII of the Civil Rights Act of 1964, the settlement used the publication of 1980 census data as a trigger for certain key provisions of the Consent Decree. The case involves five large facilities of one of the major employers in Santa Clara County, California, and covers over 5,000 jobs, many of them high-paying. MALDEF's complaint claimed that Mexican Americans and Blacks were underrepresented in the employer's workplace, in comparison to their proportion of the applicable local labor force, as a result of hiring discrimination. We reached agreement with the employer on the principle that its workforce should, over time, reflect the racial and ethnic composition of the local labor force, and that the employer would therefore adopt census occupational data, by race and ethnicity, as its goal for hiring and workforce composition. Because the case was settled in 1979, when 1970 census data were no longer reliable, the parties agreed to use 1980 census data upon publication in early 1981, as we were then told by census officials. In the interim, the effective date of the decree provisions and the procedure for setting the numerical goals were to be delayed. We are still waiting, and the delay is an unwanted obstacle to both sides - we all want a precise definition of the employer's obligations and a prompt start toward meeting them.

In a challenge to discriminatory at-large election practices, (Carrillo v. Whittier Union High School District, California Superior Court, Los Angeles County No. C311912) our preparations for a trial scheduled to begin on April 12, 1982, have been handicapped by the lack of demographic data from the 1980 census. A necessary part of the case is to demonstrate that the populations of different portions of the district have different social and economic characteristics - income levels, educational background, occupational status, and residential housing status (renter or owner-occupied), to name a few. The only available information of this sort is twelve years old. Because of the changes in the character of neighborhoods and populations in the Whittier area, use of the 1970 data would be significantly inaccurate. Yet we have little choice.

Many critical budgetary, policy, and advocacy decisions cannot be intelligently made in the absence of long-form data. Updated information on educational background and language characteristics of Hispanics is crucial to determining the appropriateness of educational services provided to Hispanics and identifying need for special services such as bilingual education or English instruction. There is also a critical need for updated work force and occupational statistics to design and evaluate affirmative action programs to promote employment of minorities, and to assess possible legal challenges to employers whose hiring of minorities may not be consistent with their current workforce participation.

These several examples well illustrate why in many areas simple population headcounts, even with racial/ethnic breakdowns, are not enough. Employers who seek to measure the sufficiency of their employment of minorities, and minority advocates or judges who try to assess the adequacy of the employer's efforts, must have occupational data. The Supreme Court has recognized that workforce composition must utilize skill and occupation data, not just population.[1] Likewise, students of political behavior and advocates of voting rights need to know much more about voters than their race or ethnicity in order to describe and assess communities of interest and the discriminatory or positive effect of redistricting on certain communities.

Hispanics have a particularly great stake in the availability of complete and current demographic information. The use of 1970 data for Hispanics to make projected estimates of the current status of the Hispanic population is extremely undesirable for several reasons. One is the rapid rate of demographic change for Hispanics. We know that the Hispanic population increased 61% from 1970 to 1980. But we do not yet know how this extra ordinary population growth is reflected in social and economic characteristics of the Hispanic population. We also know that the Hispanic population is extremely young, with a median age of 23.2 years. The years of youth are ones of rapid change in income, education, residential status, occupation, etc. Therefore, out-of-date information may become rapidly inaccurate for this population.

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[1] See, Hazelwood School District v. United States, 433 U.S. 299 (1977).

Moreover, separate data was not collected for Hispanics - or Spanish-surnamed persons - until the 1970 census. It is extremely hard to make accurate projections of current demographic and other characteristics of a population about which so little census data has been gathered. There are no base-points from which "trends" can be identified.

Because of ignorance, unfamiliarity, and even bias, we Hispanics tend to be underrated. The public does not know of our numbers or of our social and educational accomplishments. The longer the delay in publication of the 1980 census figures for Hispanics, the harder it is for us to dispel this public ignorance.

With good reason, many judges, social scientists, politicians, and educators are reluctant to rely on census data in the latter years of the decade. For data about Hispanics, this tendency is quite properly more pronounced, since the data rapidly become of dubious accuracy. Moreover, there is a tendency several years before a new census to await its results rather than relying exclusively on an earlier count. For this reason, the full utility of census data is limited to somewhat less than ten years. If two or three years' use is lost in waiting for publication of census results, as much as one-third of the benefit of publication may be lost. This is not a sensible way to run a billion dollar business. The nation should get a full decade's use out of the very costly data collection process. Publication of basic data which has been gathered should be a priority, even in times of budgetary constraints.

For these reasons, we regret the delays in publication of even the most basic economic, educational, and social information, and urge the Subcommittee to devote its efforts to hastening the work of the Bureau of Census in this regard.

National Committee for Research on the 1980 Census
17th Floor, 605 Third Avenue, New York, N.Y. 10158

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[illegible]

March 8, 1982

MAR 17 1982

Dr. Robert Garcia, Chairman
House Subcommittee on Census and Population
Room 1711
Longworth House Office Building
Washington, DC 20515

Dear Congressman Garcia:

In response to your invitation of February 18 to prepare a statement describing the use I make of federal statistics, I would like to emphasize just one of the many uses of decennial population census data in which I and many of my colleagues are involved. For the past year and a half I have served as chairman of a distinguished committee of social scientists called the National Committee for Research on the 1980 Census. The objective of this committee is to sponsor a series of some 15-18 research volumes based primarily on 1980 census data, focusing on various topics of great relevance to contemporary American society. This is a continuation of the so-called census monograph series growing out of earlier censuses.

The topics that have been commissioned so far are:

1. Rural and Small Town America
2. Internal Migration
3. Neighborhoods
4. Hispanics
5. Ethnicity
6. Families and Households
7. Women
8. Profile of the U.S. Population
9. Black-White Differences
10. Housing
11. Census as a Social and Political Institution

Proposals are also in hand for several additional topics:

12. Income Distribution
13. Regional Distribution
14. Immigration
15. Education
16. Aging
17. Work
18. Native Americans

The project is being closely coordinated with the Bureau of the Census; indeed, several of the volumes are to be written by Bureau professionals. The funding for this ambitious undertaking so far has come entirely from the private sector, in particular from grants from the Russell Sage Foundation, the Alfred Sloan Foundation, and the Ford Foundation, with the Social Science Research Council acting in an administrative capacity. These funds have now been committed to the first 11 projects; we are currently seeking additional support for the remaining topics.

Most of this work was scheduled to begin this summer, but the severe cutbacks in the production schedule of the 1980 Census represent a serious threat to the timeliness of these efforts. In some cases, certain kinds of data may not even become available, which may well reduce the value of a few projects dependent on highly disaggregated information. The whole situation is somewhat ironic in view of the fact that this effort by the private sector in effect would relieve the federal government of some of the burdens of its responsibility for monitoring and interpreting social trends. Viewed in this perspective, the budgetary cutbacks are self-defeating.

I have concentrated on only one use of federal statistics that is being jeopardized by program reductions. I could mention many others that concern us here at the Office of Population Research at Princeton University. No doubt you will also be receiving testimony from the business community as well.

I certainly wish you and your committee well in trying to restore some balance in what is important in terms of federal government activities.

Sincerely,

Charles F. Westoff

Charles F. Westoff

CFW:jt

cc: David Sills

National Opinion Research Center
University of Chicago

Office of the Director

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1982 MAR 15 AM 8:56
OFFICE [illegible] GARCIA, M.C.
[illegible] D.C

March 9, 1982

The Honorable Robert Garcia
Congress of the United States
House of Representatives
Room 1711
Longworth House Office Building
Washington, D.C. 20515

MAR 17 1982

Dear Representative Garcia:

I am responding to your invitation to comment on the consequences for the private sector of reduced resources for federal statistical programs. In particular I shall comment from the point of view of the direct consequences for organizations like NORC and for the social sciences and statistical research communities.

1. Census Bureau. Data made available from the decennial census and from the Current Population Survey are absolutely essential for survey organizations like the National Opinion Research Center (NORC) to carry out their operations. Without these data a large number of sample surveys done in this country could not be done.

NORC's Sampling Department uses various Census Bureau products. These range from the special series printed reports from the CPS and annual housing survey to the 1980 Census tapes, maps, and printed reports. Data available in special reports and on CPS tapes are frequently used as reference material in survey and study design to obtain current population estimates. Census material such as those from the 1980 Census are used to develop national, local area, and special population frames.

Within the last year we have planned and implemented various studies that rely on the 1980 Census block data. Some designs have required only general variables, e.g., total population and total housing counts; others have required more detailed counts for racial, ethnic, and country of origin subgroups. For these studies we have relied on the STF counts for country of origin at the block level and the PL-94 racial population counts available at the block level. If these 1980 Census materials were not available, NORC would not be able to implement the kinds of area probability samples that are required for both government-sponsored surveys and for surveys undertaken for scholarly purposes.

In addition, the Census Bureau plays an important role in the development of statistical methodology vital for the health of survey research. Budget restrictions are eroding the Bureau's ability to attract and retain the highest caliber people and to continue in its traditional role as a leader in the field. The effects of cuts in this area are hard to pinpoint dramatically because they take effect over long periods of time; but they can be dramatic in their negative impact on the quality of the Bureau's operation. Unfortunately, by the time their cumulative impact has become obvious, it will be too late to do much about them except to undertake a large rebuilding process. I would call attention particularly to the large number of recent retirements of experienced Bureau professional personnel and the abandonment of the Survey Methodology Information System as but two examples of the consequences of budget cuts that will have long-term deleterious effects on the quality of survey statistics in this country.

The Bureau continues to maintain its commitment to the highest standards, but its ability to translate this commitment into reality is seriously endangered by the recent cuts. I urge that the cuts be restored and the Bureau be given the resources necessary to continue to perform at the highest quality level.

2. Other federal statistical programs. The effects of budget reductions in other parts of the federal statistical system are more difficult to get into perspective because they are, by their nature, more decentralized. A thorough examination of the impact of the recent reductions on the total system is urgently needed before important programs are abandoned. The group within the government which should have this responsiblity is the old Office of Statistical Standards, which was recently reorganized and returned to OMB. However, with Joseph Duncan's resignation as head of that group and with its future in doubt, I am afraid that there is no professionally competent group within the executive branch that is looking at the whole picture. We stand in grave danger of winding up with a set of piecemeal reductions that effectively reduce the value of the data that are collected. The whole may end up being considerably less than the sum of the parts because the reductions are carried out in such a way as to lose the intricate complementarity that now exists among many of the statistical programs.

I would like to call the Committee's attention to two specific programs that have been terminated or are in severe danger. The first is the Survey of Income and Program Participation (SIPP) which has been developed over the past five years and was scheduled to become operational this year. This survey would be the major source of information about the impact of the totality of government transfer payments on individual families--data that are essential if we are to understand the effects of various government progarms in the social welfare area (particularly at a time when changes in these programs are being put into place). By eliminating this survey, the federal government has essentially blinded itself so that it will not be able to see what it is doing.

The second is the Income Dynamics Panel, a sample of 6,000 families who have been followed by the Survey Research Center at the University of Michigan for the last seventeen years. The data from this study have changed our conceptions of poverty and the role of transfer payments in providing the "safety net" that is the basis for planning related to current social budgeting. This survey is an important data set for economists and other scholars studying poverty. While there is apparently funding for this study this year, it is unlikely to survive next year.

These are but two examples of important statistical programs that have been terminated or are threatened. While it is necessary in time of budget reductions for statistical programs to be reduced along with other expenditures, the reductions must be carried out with some degree of coordination in planning across agencies. Such coordination in planning appears to be absent. I urge your committee to press for some better mechanism within the government for coordinating the budget planning and tracking the consequences of budget reductions for the statistical system as a whole.

Thank you for this opportunity to comment.

Sincerely yours,

Norman M. Bradburn
Director

Travel Industry Association of America

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293-1433

April 7, 1982

The Honorable Robert Garcia
Chairman
Subcommittee on Census and Population
Committee on Post Office and Civil Service
U.S. House of Representatives
601 H.O.B. Annex 1
Washington, D.C. 20515

Dear Chairman Garcia:

Pursuant to the subcommittee's March 16 hearing on the impact of federal budget cuts on the utility and quality of federal statistics, I respectfully submit my comments for inclusion in the official hearings record.

The Travel Industry Association of America (TIA) is the national trade association of the U.S. travel and tourism industry. Currently the third largest retail industry in the United States, travel employs nearly 7 million Americans at every level of skill. At a time when the service sector of our economy accounts for the greatest employment growth, travel is one of the most labor-intensive service industries and a majority of its jobs are filled by minorities, women and youth. Travelers in America spent more than $180 billion last year, accounting for approximately 7% of the gross national product.

The travel and tourism industry, although it generates impressive economic figures and makes a substantial impact on the economy of this nation, is not well understood. Most industries which approach the size of the travel and tourism industry, consist of several large sized corporations. This is not the case with travel and tourism.

TIA, formerly Discover America Travel Organizations, Inc.

Chairman
Edward R. Book
Chairman of the Board & Chief Executive Officer
Hershey Entertainment & Resort Co.

First Vice Chairman
William Edwards
President
Hilton Hotels Division
Hilton Hotels Corporation

Second Vice Chairman
Joseph Lapensky
President & Chief Executive Officer
Northwest Airlines, Inc.

President
William D. Toohey
President
Travel Industry Association of America

Secretary
William H. Thurman
Vice President & General Manager
Busch Entertainment Corporation

Treasurer
Gabriel Phillips
Senior Vice President – Traffic Services
Air Transport Association of America

In fact, 99 percent of this industry is comprised of small businesses, as defined by the Small Business Administration. The remaining one percent is heavily represented by large airlines, hotels and restaurant chains.

Given the diverse nature of the industry, comprised almost completely of a network of small businesses, it should come as no surprise that travel is not equipped to collect, analyze and disseminate all of the data applicable to it as an industry. This is why we were appalled to recently learn of the elimination of three very important federal government research efforts which are not only helpful to private enterprise, but crucial to federal, state and local governments in developing transportation and marketing programs as well as determining their effectiveness.

The National Travel Survey (NTS), published every five years by the Census Bureau, was eliminated from the FY 1983 Administration budget proposal. The NTS was the only official source of comprehensive tourism statistics. Of the $2.4 million required to publish the survey, $1 million was contributed by the Department of Transportation and $1.4 million was supplied by the Department of Commerce itself. Further, the Monthly Selected Service Report, which required approximately $1 million to produce, has also been eliminated.

Funding for the Census of Service Industries in Retail Trade was also dramatically reduced. Its publication coincided with the National Travel Survey and production costs were $2.1 million. These cuts will in essence destroy the federal government's tourism data base, and increased funding to restore it will be required if publication of these reports is ever to be resumed. Some of these reports represent the only source of statistical data for industry components such as campgrounds, small recreational facilities and retail stores where travelers make incidental purchases. Your assistance in ensuring these research efforts will be continued is extremely important to further marketing efforts.

The Honorable Robert Garcia
April 7, 1982
Page three

There are certain ironies presented by these cutbacks. At the same time U.S. airlines are being asked to account for each and every foreign tourist arriving and departing our borders (under proposed non-immigrant visa waiver legislation H.R. 5872), we are also being told that the U.S. government no longer has the resources necessary to document the travel patterns of its own citizens. Moreover, while other current legislative proposals are finally acknowledging the U.S. to be primarily a service economy and that a need exists for *increased* service statistical capability, we are told that data relating to services is easily dispensable. These inconsistencies cause the industry substantial, and we believe, justified frustration.

Finally, Mr. Chairman, we are not unaware that the imposition of user fees has once again been suggested as the solution to statistical funding. While it certainly makes more sense to raise subscription prices than to eliminate vital data altogether, we have grave reservations with respect to the imposition of such fees. While user fees seem to have become the all-purpose panacea for offsetting revenue shortfalls, adequate care has not been taken to ensure that overall policy considerations are addressed. For example, how are the costs to be equitably distributed when a particular survey serves both public and private statistical needs? Will all industries share the cost of collecting, analyzing and disseminating data as it relates to them? If not, how will affected industries be selected for the imposition of user fees? A number of questions remain unanswered and frankly, may not be immediately resolveable.

In the meantime, we cannot believe it can be considered in any way rational to allow this important data base to disintegrate. I can assure you that the savings will be inconsequential when compared with the loss.

On behalf of the travel and tourism industry, I appreciate your attention to this problem. If I can provide you with further information, or assist you in any way, please do not hesitate to contact me.

Sincerely,

Will D. Toohey

William D. Toohey
President

WDT:dl

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Chairman
Earl E. Ditmars
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Dr. Charles R. Goeldner
Treasurer
William D. Toohey
Director
Dr. Douglas C. Frechtling

March 22, 1982

Hon. Robert Garcia
Chairman
Subcommittee on Census and Population
Committee on Post Office and Civil Service
U.S. House of Representatives
601 H.O.B. Annex 1
Washington, D.C. 20515

Dear Mr. Garcia:

I understand you held hearings on March 16 on the impact of recent federal budget reductions on the utility and quality of federal statistics. I respectfully submit the following remarks to be part of the record of those hearings.

The U.S. Travel Data Center is the national non-profit research center for travel and tourism. We conduct research projects on the economic impact of travel and tourism in America for state and city government agencies for promoting tourism as a means of regional economic development.

We also prepare reports on the changing markets for travel in the U.S. These are used by business and government alike to determine the most efficient advertising and promotional strategies, the impact of government policies on market trends, and the optimum products and methods of distribution for consumers.

The Data Center also prepares from time to time studies of the impact of public policies on tourism, the travel industry and employees who depend on it for their livlihood. These studies have included gasoline shortage contingency plans, and revisions in the tax treatment of business travel and entertainment.

Recently, the federal government announced severe reductions in the quantity of federal statistics on travel and tourism. I would like to address three specific programs that have been selected for reduction or elimination.

Monthly Selected Service Receipts. The Census Bureau has announced elimination of this unique series on the receipts of hotel and motel, amusement and recreation, auto rental, and other firms in the service industry. Begun in 1972, this series has provided data vital to evaluating the impact of inflation, recession, government policies and other events on travel and tourism businesses.

The Data Center has used this series to evaluate the impact of the petroleum shortages in 1972-74 and 1979, the remarkable 1973-75 recession, the 1981 air traffic controllers' strike, and the double-digit inflation of 1979-81.

Users have been able to assess the impact of these and other events on their own markets and to develop strategies to help offset the adverse effects. Moreover, state, city and private organizations responsible for travel development have been able to prepare themselves better for dealing with similar disruptions in the future.

The loss of this series considerably reduces industry and government ability to prepare for these changes. The result must be a decline in productivity and a rise in failures to provide consumers with the services they want. Our national income products accounts must suffer as well, for the rising service industries will no longer be as accurately reflected in quarterly estimates of Gross National Product and other measures of our national economic progress.

It is remarkable to me that the federal government would choose to eliminate this valuable economic series when the services are comprising an ever-increasing share of the nation's output, income and employment. A number of others in our industry have similar feelings, and I have enclosed copies of correspondence with the Director of the Census Bureau on this issue, as examples of our industry's need for the reinstitution of this series.

1982 National Travel Survey. The Census Bureau recently announced it was canceling the National Travel Survey, a part of the quinquennial Census of Transportation scheduled for 1982. The $2.4 million program was to be jointly funded by the Bureau and the Department of Transportation and represented a considerably reduced version of the Survey conducted in 1977.

Beginning in mid-1980, the travel industry joined interested federal agencies and Congress in planning the 1982 National Travel Survey. Extensive meetings were held with the Census and DOT staff to reach a consensus on the content and scope of the survey, to insure maximum use of the results.

Since 1963, The Census Bureau has conducted travel surveys at five-year intervals. The 1977 edition was the largest ever conducted, and provided base data on U.S. travel available from no other source. The Data Center employed the 1977 results in its Travel Economic Impact Model, to estimate travel expenditures in 15 industry categories for each state in the nation. These data were then used to estimate the employment, wage and salary income, and tax revenue generated by travel spending in each state. The 1982 Survey was designated to be used as an up-dated benchmark for continuing annual estimates of travel's impact.

The Data Center has also produced special tabulations of the 1977 National Travel Survey for other users. These include the volume and characteristics of the market for motorcoach tours, state origin and destination flows of family vacation travelers, the volume and characteristics of U.S. travel to a major foreign country, and travel flows between specific origins and destinations.

Data published from the survey by the Census Bureau has been widely used by state travel development agencies to indicate the volume and characteristics of their markets. This information allowed these agencies to make more efficient advertising and other marketing decisions to obtain maximum return from their investments in travel development. In 1981-82, this investment totals $136 million in state budget expenditures.

The cancellation of the 1982 National Travel Survey after two decades is a severe blow to private industry, government agencies and nonprofit organizations interested in travel and tourism markets and their economic contributions. As an industry, we are sure to suffer more waste in travel and tourism marketing expenditures. As governments devoted to economic development, we risk severely underestimating the economic benefits of tourism and misunderstanding how economic development and other public policies affect these benefits. As nonprofit organizations devoted to enhancing small business opportunities and destination development, we are frustrated in our efforts to clearly perceive the needs of our constituencies and potentials for future growth.

Censuses of Service Industries and Retail Trade. These two segments of the quinquennial economic census program of the Census Bureau provide complete enumerations of establishments providing a wide variety of services for individuals, business and government, and those engaged in selling merchandise to the general public for personal consumption.

Of special interest to the travel industry and government agencies charged with tourism development are data on hotels and motels, transient trailer parks and campsites, travel agencies and tour operators, passenger car rentals and leasing firms, amusement and recreation services, museums and gardens, gasoline service stations, eating and drinking places, and miscellaneous retail stores where travelers make incidental purchases.

The Censuses of Retail Trade and Service Industries provide key benchmark data for the travel industry. They are the only source of data on industry activity across all counties, and most cities as well. This is important in developing marketing programs, assessing the economic contribution of travel and tourism down to the local level, and devising effective economic development assistance programs at the state and local level.

A number of firms rely on the Census data to check and adjust their own annual estimates of industry activity, including business receipts, employment and earnings. They are instrumental input to the U.S. Travel Data Center's Travel Economic Impact Model, used to develop annual estimates of U.S. travel spending and its economic benefits at the state and county level.

Through data from the economic censuses, the Data Center has produced annual estimates of the economic impact of travel on each state for the years 1977 through 1980. We have also prepared estimates of the impact of travel spending on employment, payrolls and tax revenue in 1,389 individual counties in 19 states. These estimates are used to aid economic development officials in planning for and developing tourism markets, evaluating the success of individual tourism promotion efforts, measuring the impact of petroleum shortages and other shocks to travel and tourism development, and educating business operators, employees and the general public about the potential and viability of tourism development.

The usefulness of the 1977 Censuses of Service Industries and Retail Trade suffered from the late publication of data for a number of states. The final state report was not issued until the end of 1980, nearly three years after the year of coverage. Special industry reports were not issued until mid-1981.

The Bureau has indicated it is planning to cut back on the 1982 Censuses, but we have not been able to determine the nature of the reductions planned. Given the unique nature of the data on cities and counties, the fact that it is collected only every fifth year and published two to three years after that, and that industry and government cannot obtain these data through any other program, it is crucial that the Bureau maintain the Censuses at least at the level of the 1977 editions.

On behalf of the travel and tourism industry, let me express my hope that you will direct the Census Bureau to reinstate the Monthly Selected Services Receipts report and maintain the 1982 Censuses of Service Industries and Retail Trade at the level reached in 1977. Moreover, I hope you will also direct the Bureau to begin planning for a National Travel Survey in 1987 that considers alternatives for obtaining the maximum information return for the limited funds available, to prevent reoccurence of the last-minute elimination of the 1982 Survey.

Sincerely,

D C Frechtling

Douglas C. Frechtling
Director, U.S. Travel Data Center

Enclosures

DCF:dag

U.S.
Travel
Data
Center

1899
L Street, N.W.
Washington, D.C.
20036

(202) 293-1040

Hon. Robert Garcia
Chairman
Subcommittee on Census and Population
Committee on Post Office and Civil Service
U.S. House of Representatives
601 H.O.B. Annex 1
Washington, D.C. 20515

April 7, 1982

Dear Mr. Garcia:

As a follow-up to my letter to you of March 22, I am enclosing additional letters from various organizations in the travel industry to the Director of the Census objecting to the cancellation of the Monthly Selected Services Receipts reports.

It is my hope you will include these in the record of your March 16 hearings on the impact of recent budget reductions on federal statistical programs.

Thank you for your consideration.

Sincerely,

Douglas C. Frechtling
Director

STATE OF NEW MEXICO
Tourism and Travel Division
COMMERCE AND INDUSTRY DEPARTMENT

Bataan Memorial Building
Santa Fe, New Mexico 87503
(505) 827-5571

April 2, 1982

Mr. Bruce K. Chapman, Director
Bureau of the Census
U. S. Department of Commerce
Washington, D. C. 20233

Dear Mr. Chapman:

I am very disappointed to learn of the most recent decision involving the decrease of federal travel data.

The Monthly Selected Services Receipts Report is indeed a valuable tool for analysis of the U. S. Travel Industry. To eliminate this report on the heels of the cancellation of the National Travel Survey for 1982 is a disservice to all those who seek to make the free market operate at its best. Free trade can only occur in an environment of free access to complete information. I find that the administration's lip-service to conservative free market enterprise ideals is becoming less and less believable.

I urge you to take another look at these programs to determine if their cancellation is truly in the best interest of the nation's economy.

Sincerely,

JOHN R. ADAMS
Director

VERMONT HOSPITALITY & TRAVEL ASSOCIATION
TAVERN MOTOR INN • BOX 9 • MONTPELIER, VERMONT 05602 • (802) 229-0062

Bruce K. Chapman
Director, Bureau of the Census
U.S. Department of Commerce
Washington, DC 20233

April 1, 1982

Dear Director Chapman:

It has been brought to our attention that in the recent wave of budget cuts, the U.S. Bureau of the Census has determined that it will cancel the Monthly Selected Services Receipts Report which is and has been used to provide valuable data to the tourism industry.

Clearly this is another budget cut to an area of the economy already cut to the line. If travel and tourism in the United States are to continue to grow and develop - there must be a halt to these budget restrictions. To my knowledge the Census material is the only source for this valuable data. We would urge the Bureau to reconsider its decision and continue publication of this valued report.

Very truly yours,

Michael S. Yaroschuk
Executive Vice President

MSY/bsf

Travel Industry Association of America

1899 L Street
Northwest
Washington, D.C.
20036

Telephone
202
293-1433

March 22, 1982

Mr. Bruce Chapman
Director
Bureau of the Census
U. S. Department of Commerce
Washington, D.C. 20233

Dear Mr. Chapman:

It is with a great deal of regret that we in the states' travel offices have learned that you are discontinuing the Monthly Selection Services Report.

This industry of small businesses depends heavily on your activities to provide us with the vital statistics to help us continue to serve the 12 million people daily who are travelling in this country.

We certainly realize that budget pressures are on you, however, the costs to the government in loss tax receipts could be greater than any savings you are attempting now. This industry contributes around $10 billion dollars in federal taxes annually and will lose business because of the lack of proper planning data, we could see a drastic reduction in tax revenues.

I am asking Randy Wagner, Vice Chairman of the National Council of State Travel Directors and chairman of our research committee to aggressively develop response from that committee in support of the United States Travel Data Center's objectives. Thereby, I would appreciate very much a reconsideration of your decision and not disrupt the service until such time as we have completed our investigation.

Sincerely,

George Williams, Chairman
National Council of State
Travel Directors

GW:tr

cc: Doug Frechtling/Randy Wagner/Bill Hudson

National Council of State Travel Directors

Chairman
George Williams
Director
Mississippi Department
of Tourism Development

Vice Chairman
Randall A. Wagner
Director
Wyoming Travel Commission

New York Convention
& Visitors Bureau, Inc.
TWO COLUMBUS CIRCLE, NEW YORK, N.Y. 10019
EXECUTIVE OFFICES 212 397 8200. VISITOR INFORMATION

March 25, 1982

Mr. Bruce K. Chapman
Director
Bureau of the Census
United States Department of Commerce
Washington, DC 20233

Dear Mr. Chapman:

The New York Convention and Visitors Bureau is among the many organizations which will suffer if the United States Bureau of the Census discontinues the Monthly Selected Services Receipts Report.

This cutback, on the heels of the cancellation of the National Travel Survey - 1982, eliminates crucial data at a time when service industries including travel and tourism are becoming an ever larger part of the American economy.

We urge you to reconsider your decision on these two critical reports.

Sincerely,

Charles Gillett
President

PANNELL
KERR
FORSTER

Certified Public Accountants

420 Lexington Avenue
New York, NY 10170
Telephone (212) 867-8000
Cable PANKERR NEW YORK
Telex 12-6580

March 10, 1982

Mr. Bruce Chapman
Director
Bureau of the Census
U.S. Department of Commerce
Washington, D.C. 20233

Dear Mr. Chapman:

As a firm of accountants and consultants to the hotel and tourism industry, I thought I should bring to your attention a concern that the Monthly Selected Services Receipts report has been discontinued as of December 1981. For as large an industry as the hotel, motel in this country, monthly information is extremely important for forecasting and tracking purposes. Our firm would certainly like to see them continued.

There is, of course, the cost factor that must be considered as we are all concerned to reduce the budget deficit by eliminating costs on a selective basis. Are you considering ways whereby the private sector through its various organizations and associations could purchase data of the sort that is being eliminated, or contribute part of the cost rather than eliminate procedures and product that could only be reinstated at even greater cost later on?

As you may know, we routinely produce a great many statistical tabulations for the hotel industry including some 40 monthly reports that are quite widely circulated. We do that as a service to the industry, but there is no way that the data we collect can replace the wider coverage provided by your monthly reports. My plea is that reconsideration is in order not only for the hotel industry but for health care as another major factor in estimating trends in the operations of these important segments of the national economy.

Sincerely yours,

Eric Green

Eric Green
Chairman of the National
MAS Committee

American Hotel & Motel Association
1101 CONNECTICUT AVENUE, N.W. ★ SUITE 1008 ★ WASHINGTON, DC 20036
(202) 223-6872

ALBERT L. McDERMOTT
Washington Representative

Assistants
JAMES E. GAFFIGAN
LAWRENCE T. GRAHAM

March 12, 1982

Mr. Bruce Chapman
Director
Bureau of the Census
U. S. Department of Commerce
Washington, DC 20233

Dear Mr. Chapman:

The American Hotel & Motel Association (AH&MA) is a trade association of approximately 8,200 members accounting for over one million rentable rooms. Our primary purpose is the education of the membership.

One of the more important sources of resource material has always been the "Monthly Selection Services Receipts" published by Census. The data you have provided us has been considered objective and is used not only by the Association; but chains within our industry and the many reputable accounting firms which service us.

It comes as a surprise to us that you have announced the termination of the monthly report. We sympathize with government efforts aimed at reducing waste; but in this instance the government, in our view, was making a contribution to a healthy economy. We would hope you rethink your decision and note our concerns to other decision makers.

Sincerely,

Albert L. McDermott

Albert L. McDermott
Washington Representative

LAVENTHOL & HORWATH

LH

CERTIFIED PUBLIC ACCOUNTANTS

CRANE'S ROOST
123 WHOOPING LOOP
ALTAMONTE SPRINGS, FL 32701
(305) 831-7131

A MEMBER OF
HORWATH & HORWATH INTERNATIONAL
WITH AFFILIATED OFFICES WORLDWIDE

March 3, 1982

Mr. Bruce Chapman
Director, Bureau of the Census
U.S. Department of Commerce
Washington, D.C. 20233

Dear Mr. Chapman:

We were dismayed to learn of the Bureau's decision to discontinue publication of the Monthly Selected Services Receipts report. The current budgetary restrictions are assumed to be the primary reason for the decision, but I wonder if all alternatives have been considered. For example, we would be willing to pay a higher subscription fee for the service if that would save it. Many trade publications are much more expensive and contain less valuable information.

To my knowledge the Monthly Selected Services Receipts report is the only reputable source of financial information on the entire lodging industry. We use it regularly to monitor the status of the industry and to verify our estimates. I believe that more people in the travel and entertainment industries would use the report if they were aware of the valuable information it contains. We respectfully request that you reconsider the decision and continue to publish the report of Monthly Selected Services Receipts.

Very truly yours,

John D. Lesure

John D. Lesure

RAMADA INN

RAMADA HOSPITALITY GROUP

GARY W. CHARTERS
Vice President
Planning and Market Research

March 12, 1982

Mr. Bruce Chapman
Director, Bureau of the Census
U.S. Department of Commerce
Washington, D.C. 20233

Dear Mr. Chapman:

The hotel group of Ramada Inns, Inc. is a major participant in the $29.6 billion domestic lodging and gaming industry. We rely heavily on Bureau of the Census publications as a source of objective, timely data upon which to base important planning and business decisions. Among the data that we carefully monitor is the monthly series measuring receipts of hotels, motels and tourist courts. The receipts series appears in the Monthly Selected Services Receipts report.

We regret the Bureau's decision to suspend publication of this valuable report and genuinely hope that you will reinstate it immediately so that there will be no further interruption in the flow of information on the performance of our industry.

Sincerely,

Gary Charters

Gary Charters
Vice President
Planning and Market Research

U.S.
Travel
Data
Center

February 26, 1982

Mr. Bruce Chapman
Director
Bureau of the Census
U.S. Department of Commerce
Washington, D.C. 20233

Dear Mr. Chapman:

I was quite disappointed to learn that the Census Bureau has already announced cancellation of the Monthly Selection Services report. When I wrote you on February 16 asking the Bureau to refrain from making this decision, I had no idea the cancellation was imminent.

While I cannot speak for other sectors of the service industry, I do know that the Monthly Selected Services Receipts reports are widely used in the travel and recreation industries. For example, we carry the hotel/motel, amusement/recreations services, and auto rental data in our monthly newsletter, Travel Printout, disseminated widely in the travel industry. The data are also crucial for examining industry trends at our annual Travel Outlook Forum, and projecting future developments. I have enclosed recent publications of ours that are based on this monthly information.

Without these reports, our intelligence on travel and tourism trends is considerably reduced. Hotel chains will find it more difficult to evaluate their positions in the overall market, for example. State, city and private travel development organization will no longer be able to examine the impact of inflation, recession and energy developments on the travel industry, to prepare more carefully for the future.

Moreover, I expect the quarterly national income accounts estimates will be considerably poorer as a result of this loss. The ability to develop rational and effective economic and other policies will be considerably reduced at all levels of government.

I understand the initial savings from this program reduction will be less than one million dollars on an annual basis. The loss to the $180 billion travel industry will be considerably more, I can assure you.

I hope you will re-examine the Bureau's decision on this important data series, and conclude that it is essential to reinstate the Monthly Selected Services Receipts report without interruption of the series.

I look forward to having your response.

Sincerely,

Douglas C. Frechtling
Director

Solomon Dutka
Chief Executive Officer

Audits & Surveys, Inc.
One Park Avenue
New York, New York 10016
212 683-3500

March 10, 1982

The Honorable Robert Garcia
Chairman of Subcommittee, Census & Population
Committee on Post Office & Civil Service
House of Representatives
Washington, D. C. 20515

Dear Congressman Garcia:

I am Chief Executive Officer of Audits & Surveys, Inc., a marketing research company, with international headquarters in New York City, and an Adjunct Professor of Statistics at the Graduate School of Business Administration of New York University. I also am a Fellow of the American Statistical Association and a former member of the Association's Census Advisory Committee, and was a member of the first United Nations Sub-Commission on Statistical Sampling.

I am also the author of "Using Census Data in Small Plant Marketing," published by the Small Business Administration, and co-author of "A Marketer's Guide to Effective Use of 1980 Census Data."

In performing its functions, our Company makes extensive use of United States Government statistical data in designing and executing sample surveys to provide continuing marketing information for our clients. These companies consist of the leading corporations in the United States and abroad, both national and multi-national, who rely on such data for their management, marketing and production planning both in this country and internationally.

A company located in the United States has available to it, because of such Government Data, a resource not available in many other countries in the world. These ongoing data bases, because of their excellent quality and breadth, are critical to business managers in aiding them to make sound decisions. The American executive enjoys a continuing flow of data indicating where his markets and sales opportunities are.

Present plans call for additional sharp curtailments in the Federal Statistical Program. Certain statistical programs are to be dropped entirely and others will be curtailed by reducing their sample sizes or by increasing the time interval between successive waves of continuing programs. The consequences of these actions will have a significant detrimental effect upon our own business, the business of our clients, as well as the general economy. These effects would be even more severe should a national emergency arise.

In marketing his products, the marketing executive recognizes that he does not deal with a single, national, homogeneous market, but with a series of segmented markets which may be defined in terms of regions of the country, age segments of the population, degree of urbanization, and different racial and ethnic groups. Additionally, all of these segments are in a state of flux. When a complete Census of population is taken every 10 years, detailed data for the smallest marketing area unit or demographic segment are available. In lieu of more frequent Censuses, sample surveys are conducted which make it possible to update some of the Census information provided the sample size is sufficient. However, when the CPS sample survey size is cut, the effect upon overall estimates may be slight but the reliability of estimates of these critical marketing segments is diminished to such an extent that the CPS data cannot be used.

While the elimination and reduction in scope of current population estimates for small areas and the postponement of trade statistical series will have a deleterious effect upon business, I am even more concerned about another problem. This relates to the Federal Statistical System itself.

With the present reduction in force programs, the Federal Government is losing many skilled personnel. Once these people are lost the system itself cannot be started up immediately on demand.

You may recall that just before the United States began the Defense Program in 1939, hardly any current data were available relating to the business and population demographics for each of the various area segments of the country. It was almost 10 years since the previous Census. One of the problems was to locate Defense plants in areas where there was an available Labor Force with particular skills, rental vacancies to attract new workers, and areas where rents and costs of living were not excessive. Fortunately, at the time there were many bright, young statisticians and other personnel already in the Federal Works Program. Their talents were utilized most effectively and critically in developing the necessary statistics. In any future emergency, given the contemplated cuts in scope, subject areas and frequency, there will be no such back-up and the Federal Statistical System would be unable to respond adequately to any new tasks required of it.

As a statistician, I naturally regret any move to diminish the quantity, quality and timeliness of data available for decision making. But, as a businessman, I recognize the need, and respect it, to examine ways of reducing costs and increasing productivity. My purpose in communicating with you is to urge that great care be taken that cuts affecting the Federal Statistics System are made not indiscriminately but very judiciously. Across the board slashing would be counter-productive.

It is vital to America, both as a Republic and as the quintessence of a freely competitive society, that our information gathering mechanism not be impaired for the reasons I have cited.

Respectfully,

Solomon Dutka

Solomon Dutka

ss

BRIMMER & COMPANY, INC.
2519 CONNECTICUT AVENUE, N.W.
Economic and Financial Consultants
(202) 667-7176
WASHINGTON, D.C. 20008

ANDREW F. BRIMMER
President

March 11, 1982

The Honorable Robert Garcia
Chairman
House Subcommittee on Census and Population
U.S. House of Representatives
1711 Longworth HOB
Washington, D.C. 20515

Dear Congressman Garcia:

I am pleased to respond to your request for my comments regarding the impact of Federal budget cuts on the "utility and quality of Federal statistics." This issue is of particular interest to me and other economic consulting firms which rely heavily on data and statistics compiled by U.S. Government agencies.

Let me first describe the activities of my Company and the ways in which we use these data. Brimmer and Company, Inc., is a diversified economic and financial consulting firm. The Company conducts research and advises clients in several industries and sectors - including banking, financial markets, public utilities, housing, and consumer finance. Moreover, our projects cover a wide range of both microeconomic and macroeconomic issues, domestic and foreign. For example, in the last year we have conducted the following kinds of studies:

- "Condominiums and the U.S. Housing Market," prepared for a regular clilent and also presented as testimony before a U.S. Congressional subcommittee, in April, 1981.

- "Economic Analysis of the U.S. Footwear Industry and Role of Imports," report to a client and also presented as testimony before the U.S. International Trade Commission, March, 1981.

- "United States Monetary Policy and the Effects in World Financial Markets," report presented at an international conference sponsored by the Buenos Aires Stock Exchange and the Inter-American Development Bank in Buenos Aires, Argentina, November, 1981.

- "The Consumer Savings Tax Credit," report prepared for a consumer finance company, April, 1981.

- "Retention of Private Businesses in the District of Columbia, Problems and Prospects," report prepared for the Office of Business and Economic Development, District of Columbia Government, May, 1981.

We have also prepared analyses of economic conditions and the outlook for interest rates and the cost of capital. The results have been presented on behalf of clients before several public utility commissions. In the regular course of our business, we advise our clients (who are mainly large corporations and financial institutions) on general economic conditions and prospects.

In addition, I serve as a director and/or economic counsel for several major corporations in industries such as banking, air transportation, commodity markets, chemicals, and communications. These responsibilities require me to keep abreast of general economic conditions with special focus on interest rates and the money and capital markets.

Among my other responsibilities, I write a regular column for a national magazine and prepare a weekly radio broadcast. In both of these roles, I comment on current economic trends and issues affecting the population in general and blacks in particular. I often analyze economic issues affecting minority businesses and banks, as well as interpret employment, income, and other economic trends affecting the black population.

Virtually all of our economic analysis relies heavily on data, both published and unpublished, compiled by U.S. Government agencies. This is especially true of the Bureau of Economic Analysis (BEA) and the Bureau of Census in the Department of Commerce and the Bureau of Labor Statistics (BLS) in the Department of Labor. For our industry studies, we also utilize corporate income and tax data compiled by the Federal Trade Commission and the Internal Revenue Service. The principal data and statistical series which form a basis for our regular and ongoing economic analysis and the responsible agency are as follows:

U.S. Government Agency	Data Series
Bureau of Labor Statistics	Consumer Price Index
	Producer Price Index
	Consumer Expenditure Survey
	The Employment Situation (monthly), based on the Census Bureau's Current Population Survey.
	Occupational Outlook
Bureau of the Census	Current Population Reports
	Money Income and Consumer Income Series (Including detailed racial breakdown)
	County Business Patterns
	Construction Activity
	Retail Sales
	Population Estimates
	Survey of Manufacturers
	Government Employment
Bureau of Economic Analysis (BEA) Accounts	National Income and Product
	U.S. International Accounts
	Personal Income

We also rely heavily on the rich body of financial statistics compiled and published by the Federal Reserve Board.

We are particularly sensitive, therefore, to the adverse impacts budget cuts may have on these data series. There are, in fact, several rounds of such cuts. The first phase has already occurred in the FY 1982 budget. The Bureau of Labor Statistics incurred an across-the-board 12 per cent reduction. Funding for the Bureau of the Census was reduced by 9 per cent (without a pay supplemental for current programs) and 13 per cent for the periodic census. While the BEA was spared the across-the-board cuts of BLS and Census, real spending in that agency had been declining since 1977. Meanwhile, BLS is requesting supplemental funding of $9.1 million (program and pay respectively). If no supplemental bill is approved, the Bureau of the Census will have to cut its program further by $2.2 million and BLS will be forced to suspend contracts and furlough workers for up to nine weeks. Finally, another series of program reductions would be required in FY 1983 because of the absence of proposed funding in that year.

Taken together, these three stages of budget cuts will have three primary impacts: (1) a reduction in the accessibility and availability of critical data series, (2) the elimination of other data series, and (3) a deterioration in the quality of those which are continued. Each of these impacts is described in more detail for each of the three principal statistical agencies.

The Fiscal Year 1982 budget cuts are already having a detrimental effect on the accessibility of these data to business organizations. The budget cuts reduce the funds available for the dissemination of news releases and reports to business organizations.

Ironically, the day after I received your letter, I received a notice from the Bureau of Economic Analysis indicating that their news releases would no longer be distributed to business organizations (other than the news media) because there were no funds for printing and postage. Hence, we were being dropped from the distribution list. Although many of these statistics are contained in the Survey of Current Business, and Business Conditions Digest (to which the newsletter referred us), there are substantial lags (2-3 month lags) between when the statistics are first released and when they appear in these journals.

There are other ways in which the availability of these data is reduced. As efforts become more concentrated on the compilation of data and all the functions related thereto, the ability to provide services to businesses through the Washington and regional offices also will be weakened. This may be reflected in a cutback in the number of employees available to assist outside inquiries. Yet, this service has been particularly useful to us, not only in the actual conduct of studies but also in their design. For example, we have just completed two proposals for studies whose information base will be the Bureau of Labor Statistics Consumer Expenditure Survey. In order to design the study and estimate the cost, we had to contact BLS employees for information on the type of demographic information contained in the survey, the cost and availability of the data tapes, and the status of the 1980 updated survey.

The budget cuts imperil all facets of the statistical programs. First, some data series will no longer be compiled. Because of the FY 1982 budget cuts, four major surveys are being eliminated by BLS - labor turnover, family budget, industrial wage, and materials and labor in the construction industry. The latter two surveys were particularly useful to us in our Business Retention Study. We are planning to use the family budget survey in an upcoming project. In our regular economic analyses, we often use the labor turnover rates as an indicator of employment trends.

The Bureau of the Census is eliminating its department store sales data, survey of in-kind benefits to individuals, survey on gasoline sales, and population estimates for Congressional Districts. The survey of in-kind benefits permits a better estimation of money income (covering both cash and in-kind income). Its loss is especially adverse given its significant role in the evaluation of the effects of welfare reform, tax reform, and Social Security program revisions. Perhaps even more adverse is the elimination, within Census, of alternative methods of import evaluations. This has the effect of reducing the quality of import data by understating the overall value of imports. These data are used by the Bureau of Economic Analysis in its measurement of gross national product. The quality of the gross national product, as the most comprehensive measure of economic performance, is particularly important not just for government policy makers but also for every aspect of business decision-making.

The Bureau of the Census is also discontinuing its sales and inventory estimates for detailed kinds of wholesale businesses. On a continuing basis (and especially in periods of extreme uncertainty), inventories and sales data are watched closely for signs of impending economic changes. Failure to gauge such developments accurately could mislead business decisions in such a way as to distort production plans which would have an adverse effect on employment.

Because of the budget cuts, data for some important series will not be collected as frequently. This has the effect of delaying important information to be used not simply by government agencies for policy reasons but by businesses in carrying out their plans and operations. For example, in the Bureau of the Census, the frequency of service industry trade data is being reduced. This series now provides monthly estimates of receipts and trend information for selected industries, e.g., hotels, motels, health, etc. It is thus a key indicator of the performance of the service sector. The monthly survey of manufactured goods shipments also is being curtailed by the Bureau of the Census. This information is used by the Federal Reserve Board each month to compile the index of industrial production - the key measure of industrial activity in the nation at large. The quality of this very important index, therefore, will be immeasurably impaired.

Efforts to improve the quality of other key indicators are being impeded because funds for the redesign of the underlying surveys and of several indexes are not available. The Census Bureau's Current Population Survey (CPS) gathers the labor force data which are reported by BLS each month. The Bureau of the Census conducts the eight underlying household surveys and BLS funds the surveys and analyzes and reports the results each month. Redesign of the survey to take into account the population shifts traced in the 1980 census has been delayed because of the FY 1982 budget cuts. The number of households in the CPS for the local area unemployment statistics is also being reduced, and research aimed at improving this component is being eliminated. Other survey redesigns being delayed include the Consumer Expenditure and Point of Purchase surveys. Because of the failure to undertake these redesigns, the statistical error for many subgroups (Blacks, Hispanics, etc.) of the population will be increased. The base weights in the employment cost index, which measures changes in occupational wages, salaries, and fringe benefits, need to be redesigned to insure accuracy and relevance. However, funds for this purpose have not been incorporated in the FY 1983 budget.

Revision of the consumer price index is also being delayed because of the budget cuts. This is the most widely used index of inflation in the United States. Besides being used to track monthly trends in inflation, it is also used (somewhat inappropriately) as a cost of living index. As such, many retirement and pension plans, Social Security benefits, etc., are linked to it. Inaccuracies in the index, therefore, can have serious adverse effects throughout the economy.

There are several revisionsnecessary to improve the quality of the consumer price index. First, the CPI - like some of the other indicators already mentioned - needs to be revised to take account of the 1980 census - that is, changes in buying habits, shifts in the population, etc. Since the index charts the trend in prices of a fixed market basket of goods and services, it is necessary to update both the composition of items in the basket and the weights assigned to major categories to get a more current reflection of spending patterns. A second revision calls for altering the housing component - which alone accounts for 25 per cent of the index. Hence, housing costs and prices have a major impact on the changes in the overall index. In a period in which housing prices and mortgage interest rates were rising faster than the prices of most other goods and services, the overall index was biased upward. This is especially true when one considers that generally no one person purchases a house each month and thus is not incurring all these costs in the same way. To correct partially for this "bias," BLS has proposed the construction of a rent equivalent component to replace the housing component. Yet, this work is being delayed because no funding was designated in the FY 1983 budget.

The Bureau of Economic Analysis (BEA) appears on the surface (from the FY 1982 budget level) to be less adversely affected by the current and proposed budget cuts. But a serious situation is seen to exist when one recognizes that most of the core statistics of BEA are provided by other agencies (such as Census and BLS) which are adversely impacted. However, BEA itself collects relatively little data. As a consequence, a cutback in the availability or quality of the data of these other agencies spills over to create an adverse effect on BEA. For example, the annual revisions in the gross national product data are usually published each July. But they could not be undertaken in 1981 because the source data from other agencies were not available in time. These annual revisions and the five-year benchmark updates are vital for the soundness of the statistics upon which virtually all elements of the private sector rely. The ability to gauge the country's economic performance on a continuing basis is an important element in business decisions regarding production, employment levels, and expenditures on plant and equipment.

The Bureau of Economic Analysis is probably best known for its reporting of the Gross National Product - the market value of all goods and services produced in a year. However, BEA receives much of the data for this statistical series from other agencies. Some of these source data are being reduced. For example, in compiling the GNP, the BEA relies on the Bureau of the Census to provide data from its own statistical services. Yet, some of these Census sourced-data are being reduced. The State government employment survey is used by BEA in compiling the public sector component of GNP. This survey is being reduced. The Census of Service Industries (CSI) is used by BEA in its GNP benchmark statistics. The CSI provides data every five yeras on the level of activity and economic characteristics of hospital, schools, political organizations, and labor unions. The CSI is also being scaled back.

One of the basic tenets of the Reagan Administration is to provide incentives to stimulate activity in the private sector so as to reduce the country's dependence on government. It must be recognized that in the private sector, businesses of all sizes and in all industries and sectors make their own plans and decisions on the basis of current and prospective economic data and statistics. Reduced availability and eroded quality of this information base can, therefore, have pervasively adverse effects on actual economic activity in the private sector. If the goal, difficult as it is, of pulling the economy out of the doldrums of a recession on to a sustainable recovery track is to be met, then the private sector must be able to have access to and rely upon reliable information. The upgrading of this critical information core is vital to improvement in economic performance by businesses if they are to take the lead as requested by this Administration.

Sincerely yours,

Andrew F. Brimmer

AFB:ss

The Brookings Institution
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Economic Studies Program

March 11, 1982

MAR 17 1982

The Honorable Robert Garcia, Chairman
House Subcommittee on Census and Population
Room 1711
Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Garcia:

This letter is written in response to your request for comments on how the research community makes use of federal statistics, and difficulties we foresee because of reduced support for statistical agencies.

I am an economist specializing in the economics of education and public policy toward education. Those of us who do research in this area are heavily dependent on the national and state data collected by the National Center for Education Statistics, the Census Bureau Current Population Reports, the National Science Foundation, and the Bureau of Labor Statistics. Without the data collected by these and other agencies, it would be impossible to monitor trends in enrollments, participation rates, degree production, and finance. These data are also used heavily by the institutions themselves for comparison purposes, and by state-level agencies with responsibility for education. In the absence of centrally collected, national data, the result would be a wasteful proliferation of partial surveys conducted by institutions and state agencies, and the loss of accurate data on the entire system.

I am particularly disturbed by the tendency in OMB to question any education survey that is not directly related to federal policy. Education remains predominantly a state and local activity, so most policy issues will arise at those levels and not involve federal concerns. State and local issues, however, often require the type of data that can only be collected efficiently by the federal government. The criterion proposed for screening surveys is, therefore, much too narrow and would rule out collection of essential data.

Rather than cut back the relatively modest outlays required to maintain and improve federal data collection, I urge your subcommittee to propose authorization levels that would at least maintain a constant level of real resources for these activities.

If I can be of any further help, please do not hesitate to call.

Sincerely,

David W Breneman

David W. Breneman
Senior Fellow

cec associates
Suite 925 • 1346 Connecticut Ave., N.W. • Washington, D.C. 20036 • (202) 775-0237

RECEIVED
1982 MAR 10 AM 8 42
OFFICE OF ROBERT GARCIA, M.C.
WASHINGTON, D.C.

March 8, 1982

Honorable Robert Garcia, Chairman
Subcommittee on Census and Population
Post Office and Civil Service Committee
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

Thank you for your invitation to submit a statement for the record of the Subcommittee's March 16 hearing on the impact of recent budget reductions on the quality of Federal statistics.

As it has subsequently developed that I will be testifying before your Subcommittee on March 11 on H.R. 907 and addressing my testimony to the adequacy of U.S. demographic statistics, I will have the opportunity on that occasion to discuss the impact of recent budget changes. However, I am enclosing for your information and for any use the Subcommittee may wish to make of them copies of an article recently published in Business Economics, January 1982 and of the paper I prepared last fall for the Joint Economic Committee, Maintaining the Quality of Economic Data.

I should like to commend you for holding hearings on the very important question of the adequacy of the budget for statistical programs. I look forward to seeing you on March 11.

Sincerely,

Courtenay Slater
Courtenay Slater

Note.-- The enclosures referred to were retained in the official hearing file.

CITIBANK

Honorable Robert Garcia, Chairman
Subcommittee on Census and Population
Dear Mr. Garcia:

This is in response to your letter of February 18th concerning the impact of budget reductions on the Federal statistical system. It would be a matter of great concern to Citibank and many other businesses if government statistics were to lose quality and timeliness or be dropped altogether as a result of across-the-board budget slashes.

The importance which Citibank attaches to up-to-the-minute economic information for its management and customers is evidenced by the fact that it maintains an Economics Department of over 100 persons of whom 40-50 are professional economists and statisticians. I am a vice president in the Economics Department, and I also am a director of the American Statistical Association, a trustee and former chairman of the Federal Statistics Users' Conference, and a member of the Council of Professional Associations on Federal Statistics.

Citibank uses a wide variety of federal statistics in keeping abreast of changing conditions in the economy and in the money and credit markets. We make detailed analysis and forecasts of such data as gross national product, prices, production, retail trade, housing, capital investment, employment, profits, energy and foreign trade. Longer term research utilizes such wide-ranging data as demographic statistics, productivity, and flow of funds. The results of our analysis are furnished to our management, to account officers as background for credit decisions, to investment officers, to customers and in publications put out by this department. Many officers outside the Economics Department, engaged in investment analysis, marketing and planning, also use federal statistics directly in their work.

I strongly feel that it would be false economy to cut statistical budgets sharply, particularly at this time of economic stress. Federal statistics are our best guides to gauging the intensity and turning points of business cycles. The cost of making incorrect policy decisions---public or private---based on inadequate or inaccurate data can be far greater than the budget savings. My personal feeling is that it would be preferable to increase user fees rather than lose essential statistical services.

Even more dangerous than the over-all size of the statistical budget cuts is the risk of haphazard slashing. Many statistics are byproducts of regulatory agencies and as such are vulnerable to cuts. Yet they may be essential to other government agencies for such uses as compiling gross national product data or allocating federal grants. Unfortunately, the Statistical Policy Division of the Office of Management and Budget, which should be coordinating the allocation of statistical resources throughout the federal statistical system, has been gravely weakened.

I am attaching a copy of an article I wrote on this subject for the Citibank publication, Economic Week.

Sincerely,

Robert E Lewis

Robert E. Lewis
Vice President

Statistics: less is less

As growing budget deficits force deeper budget cuts, the Administration may find itself having to make increasingly serious economic policy decisions on the basis of information that is less and less accurate and adequate. The United States has built up a statistical system that for timeliness, accuracy and scope has long been a model for other nations. These statistics are important management tools in both government and private industry, yet in many cases they now are being threatened by across-the-board budget cuts.

The precise impact of these cuts is not known yet, simply because Congress still has to approve detailed 1982 budgets. But some of the consequences are already evident:

- In the face of mounting unemployment, the Bureau of Labor Statistics may be dropping its monthly data on layoffs.

- At a time when states are being asked to administer programs that were formerly handled by the federal government, detailed data on localities from the 1980 Census are delayed or threatened with elimination.

- GNP data, critical for economic policymaking, did not receive their annual benchmark adjustment this year because the basic information from the Internal Revenue Service was many months behind schedule.

- Inflation is a persistent problem, yet severe budget constraints have caused the Bureau of Labor Statistics to indefinitely postpone rebasing the consumer price index and to delay revisions in the producer price index.

- Farm problems are mounting, but the 1982 Census of Agriculture may be eliminated.

- Information needed by private firms for marketing decisions, as well as by local governments, is being curtailed. Funds for the mid-decade census have been eliminated, and 1980 Census data by zip-code area will be available only because private users are financing its compilation.

Budget-cutting means not only a reduction in the quantity of available statistical information, but also a deterioration in its quality. Arbitrary reductions in sample size have been ordered. Much-needed revisions may be delayed. Reductions in force and early retirements of skilled professionals are disrupting work assignments. Timeliness will suffer from delayed releases.

Many statistics are byproducts of regulatory activities and, as such, will get low priority when the budget ax falls since they are not essential to the mission of the agency. But these figures may be essential for such uses as the GNP data, compiled in another department. Unfortunately, the agency that should be coordinating the allocation of statistical resources throughout the whole federal statistical system, the Statistical Policy Division of the Office of Management and Budget, has been gravely weakened, moving from one area to another and losing much of its staff and status in the process.

EW will follow these developments and keep its readers informed on changes affecting the availability and reliability of the data needed for prudent decision-making. As Janet Norwood, Commissioner of Labor Statistics, has noted, "In the long run, it's cheaper to keep good statistics."

Copeland Economics Group, Inc.

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OFFICE [illegible] GARCIA, M.C.
WASHINGTON, D.C.

March 17, 1982

MAR 23 1982

Congressman Garcia
Chairman of the House Subcommittee
on Census and Population
601 Annex #1
Washington, D. C. 20515

Dear Chairman Garcia:

I am writing to you to voice my concern and the concern of my staff with regard to budget cuts affecting the statistical data published by the Federal Government.

After a prolonged period of relatively consistent government policy and programs, the emerging shift toward a more conservative role is more than likely to alter and realign a number of basic economic relationships and institutions. From the Council of Economic Advisers and the Congressional Budget Office to the Federal Reserve to the decision makers and planners in corporate America, a growing gap of basic economic data poses a major threat. There have been so many structural shifts in the U.S. economy in the past decade and more seem imminent. Reducing the business community's ability to gauge and monitor these trends can effectively delay and confuse the accelerated investment process so widely acknowledged as a necessary ingredient to noninflationary growth in the eighties.

Copeland Economics Group, as an economic consulting organization, relies heavily on the data from Washington. We analyze and forecast general economic trends on the national level and research and analyze market parameters for various industrial clients. As such, we utilize aggregate data, such as the National Income Accounts, Consumer Price patterns, industrial production, productivity, etc., as well as specific industry statistics on both a national and a regional basis.

Although we realize that regional data and detailed breakdowns of industry statistics are the most expensive to compile, we feel that without these data the aggregates will provide a less comprehensive picture. SIC categories and regional industry breakdowns collected in the Current Industrial Reports issued by the Census Bureau are of particular importance to businessmen. Plant location, capacity levels, and product decisions are based in part on analysis of these data. Copeland Economics has found such statistics invaluable for its research.

With the proliferation of data bases as sources of background and current statistics, the need for the detailed breakdown of the data as reported in the official releases becomes more important as these bases provide limited categorical breakdowns.

Enclosed is a list of releases we currently receive from various government agencies. We would be unable to continue the quality of research without these publications, as well as the ready availability of statistics for special client studies.

We would be willing, as many other businesses would, to offset some of the expense of data collection and reporting by increased subscription fees. However, there are publications that we feel could be dropped or published on a less frequent basis. For example, the Current Industrial Reports issued by the Commerce Department (which we utilize) could be condensed to quarterly and annual reports only, omitting the monthly issues.

We would be happy to answer any questions, provide any information, or appear at the hearings in support of the retention of necessary statistical programs.

Cordially,

William G. Copeland

William G. Copeland
President

WGC:tm
enclosure

GOVERNMENT RELEASES RECEIVED BY COPELAND ECONOMICS GROUP

DEPARTMENT OF COMMERCE AND H.U.D.

Commerce & H.U.D.

Joint Release

Bureau of Census

Advance and Monthly Retail Trade and Sales
Monthly Wholesale Trade, Sales & Inventories
H-111: Current Housing Reports: Housing Vacancies
M-3: Current Industrial Reports: Manufacturers' Shipments, Inventories, & Orders
M-4: Current Industrial Reports: Manufacturers' Export Sales & Orders of Durable Goods
Current Population Reports: Series P20, P23, P25, P26, P27, P28, P60
State & Area Metropolitan Area Data Book
FT-990: Highlights of U.S. Export and Import Trade
FT-135: U.S. General Imports
Current Industrial Reports: Various Monthly & Annual Releases
Census of Manufacturers (1972 & 1977)
Construction Review
C-20: Housing Starts and Permits
C-30: Value of New Construction Put-In-Place
C-40: Housing Units Authorized by Building Permits & Public Contracts
CB: Commerce News

Bureau of Census & H.U.D.

C-21: New Construction in Selected Metropolitan Areas
C-22: Construction Report: Housing Completions
C-25: " " New Housing Sales
C-27: " " Price Index of New Houses Sold
C-50: Construction Report: Residential Alterations & Repairs
H-130: Current Housing Reports: Market Absorption of Apartments

Bureau of Economic Advisers

Commerce News: Composite Indexes
" " GNP and Corporate Profits
" " Personal Income and Outlays
" " Capital Spending
" " State Personal Income
" " Merchandise Trade
" " International Transactions
Business Conditions Digest
Survey of Current Business

GOVERNMENT RELEASES RECEIVED BY COPELAND ECONOMICS GROUP

DEPARTMENT OF COMMERCE AND H.U.D. (continued)

Bureau of Industrial Economics

U.S. Industrial Outlook
Forest Products Review
Various Annual Statistical Supplements
Printing and Publishing

BUREAU OF LABOR STATISTICS

The Employment Situation
The Consumer Price Index
Consumer Prices: Energy and Food
CPI Detailed Report
Weekly Earnings
Real Earnings
Labor Turnover in Manufacturing
Major Collective Bargaining Settlements
State & Local Government Collective Bargaining Settlements
Productivity and Costs
International Comparisons of Manufacturing Productivity and Labor Costs
Producer Prices and Price Indexes
State & Metropolitan Area Unemployment
U.S. Import and Export Price Indexes
Work Stoppages
Monthly Labor Review
Employment & Earnings
Current Wage Developments

DEPARTMENT OF AGRICULTURE

Economic Indicators of the Farm Sector
Agricultural Outlook
Various Outlooks and Situations
CROP REPORTING BOARD: Agricultural Prices
" " " Various Animals On Feed
FOREST SERVICE: Volume & Value of Saw Timber Stumpage Sold From National Forests By Selected Species and Regions
" " Dividends from Wood Research

FEDERAL TRADE COMMISSION

Quarterly Financial Report

DEPARTMENT OF HEALTH & HUMAN SERVICES

Monthly Vital Statistics
Special Studies and Reports
Social Security Bulletin

Levi Strauss & Co. Levi's Plaza 1155 Battery Street San Francisco, California 94106 Phone 415 544-6000

LEVI'S
QUALITY NEVER GOES OUT OF STYLE

March 17, 1982

Michael J. Ferrell, Staff Director
House Subcommittee on Census & Population
601 Annex 1
300 New Jersey Ave., S.E.
Washington, D.C. 20515

Dear Mr. Ferrell:

Recent reports on scheduled cutbacks in federal data collection programs have alerted us to potential problems for the business research conducted at LS&CO. The Levi Strauss & Co. Corporate Marketing Information Center is concerned about the continuance of statistical programs which form the core of our information resources.

The Federal statistical programs of the Bureau of the Census, the Bureau of Economic Analysis and the Bureau of Labor Statistics are such a vital part of business information that their existence may be taken for granted. Experience has shown that there are no other sources for this type of detailed information and it is our opinion that the lack of service would hamper the business planning of all U.S. industries.

The attached list details the reports which are used frequently for our research activities. It is not only the statistics but the people in the agencies who provide analysis, commentary and guidance for the data. People such as Jim Bennett in the Office of Textiles and Apparel, Meri Scarborough and Marvin Margolis in Retail Trade, Tom Lee in Industry and Trade, Juanita Noone in Foreign Trade, and many others have provided us with invaluable assistance.

We urge Congress to carefully consider the severe implications of program cutbacks in the Statistical Services provided by the Federal agencies.

Respectfully,

Jan Hewitt
Jan Hewitt,
Information Specialist

Michelle Ridgway
Michelle Ridgway,
Information Specialist

Catherine Rock
Catherine Rock,
Administrator

Corporate Marketing Information Center

1/2462B

DEPARTMENT OF COMMERCE

Bureau of the Census

- Current Business Reports:
  - Advance Monthly Retail Sales
  - Census of Retail Trade
  - Monthly Department Store Sales
  - Monthly Retail Trade

- Current Industrial Reports:
  - Apparel (MA-23A)
  - Broadwoven Fabrics (Gray) (MQ-22T)
  - Finished Fabrics (M22A)
  - Men's Apparel (M23B)
  - Women's/Misses'/Juniors' Apparel (M23H)
  - Woven Fabrics (M22A)

- Current Population Reports:
  - Consumer Income (P-60)
  - Population Characteristics (P-20)
  - Population Estimates (P-26)
  - Population Estimates & Projections (P-25)
  - Special Censuses (P-28)
  - Special Studies (P-23)

Industrial & Trade Administration

- Country Market Survey

U.S. Foreign Trade

- General Imports of Cotton, Wool & Manmade Fibers

Bureau of Economic Analysis

- Survey of Current Business

DEPARTMENT OF LABOR

Bureau of Labor Statistics

- Price Index
- Monthly Labor Review

McGraw-Hill Publications Company

1221 Avenue of the Americas
New York, New York 10020

Department of Economics

March 10, 1982

Mr. Michael Ferrell
House Subcommittee on Census
and Population
601 Annex #1
Washington, DC 20515

Dear Mr. Ferrell:

We would like to express our concern over possible reductions in federal data gathering and dissemination.

McGraw-Hill Publications Co. publishes business magazines and newsletters covering many industries, ranging from chemicals, steel, and oil to medicine, construction, and wholesaling. These publications keep business people knowledgeable about their respective industries so that they can make plans and decisions based on the most up-to-date information. A vital part of that information is data from the federal government. Without that data or with cutbacks in data, many business managers will be thrown into a much riskier environment for decision-making. And that, obviously, would spell bad news for the U.S. economy.

The Economics Department of McGraw-Hill Publications Co. supplies many federal statistics to the magazines. In addition, this department publishes economic analyses and forecasts. Without timely receipt of a full range of data, it would be difficult to continue this work. For example, a recent Bureau of Economic Analysis decision to restrict mailing of its press releases will soon create problems for us.

Instead of cutting out or limiting data distribution, why not ask users to pay a fee? For example, this department currently pays BEA for certain data such as quarterly figures on purchases of producers' durable equipment. If data is vital to an organization's operations and planning, it should not mind helping to defray the cost of gathering that data.

Sincerely yours,

Joseph N. Spiers

Joseph N. Spiers
Senior Economist
(212) 997-2633

JS:cm

MAR 15 1982

STATEMENT ON IMPACT OF BUDGET CUTS ON FEDERAL STATISTICAL PROGRAMS

To Be Given at Hearings of the Subcommittee on Census and Population,
U.S. House of Representatives, March 16, 1982

Personal Background

I am Senior Sampling Statistician at Mathematica Policy Research, Princeton, NJ and Associate Professor of Sociology, Temple University, Philadelphia, PA. I have been a regular user of Census Bureau data for many years, especially Decennial Census and Current Population Survey data. These data have been essential for my sampling of households for national and local surveys, for my sociological analyses of topics such as housing conditions, social welfare, and racial and ethnic segregation, and for my work helping to develop a methodology for computing postcensal estimates for local areas.

Under a series of joint contracts with the Bureau of the Census, I participated in the development of procedures for computing local estimates of population and population characteristics in intercensal years when Decennial Census data were not available. In this method, sample data from the Current Population Survey (discussed below), collected in local areas, are augmented by related data compiled from administrative records and other sources to compute the local estimates. The method was originally developed to estimate population growth. Postcensal changes in variables such as the numbers of exemptions on IRS forms, school enrollment, and births and deaths in counties were used to predict, by means of regression analysis, what the changes in estimated population growth were. The Bureau has also used this method, sometimes officially, sometimes experimentally, to estimate local unemployment rates, per capita income, and the number of children living in poverty.

I concur with the emphasis of my colleagues on the importance and usefulness of many of the surveys and statistical programs scheduled to be curtailed by budget reductions. A democratic society must rely on accurate information to make just, effective, and evenhanded policy. These estimates affect political representation, the allocation of revenue sharing funds and the planning of government programs.

The Current Population Survey and Other Statistical Programs

The Current Population Survey is one of the most cost efficient statistical programs in government. Our barometer of national changes on topics such as the unemployment rate, per capita income, fertility rates, and family living arrangements, it also has the capability of providing local estimates of these and other variables. With the increased need for local estimates of many variables, CPS data are the key to computing these estimates without resorting to the collection of a complete census. Unfortunately, the list of budget reductions scheduled by the Census Bureau (document dated 1-29-82, p.3) and the Department of Labor (document dated 2-5-82, p.1) indicate that cutbacks are in store for the CPS.

The CPS is both an efficient and cost-effective provider of information. A good CPS makes it less necessary to take a census every five years instead of every ten years as is now the case. Moreover, effective use of CPS and related administrative data can point the way to a more cost-effective method of data collection and estimation on Decennial Censuses. Moreover, CPS data and related administrative records can be used to evaluate the Decennial Census. An example of this is the Census Bureau using IRS and CPS data to estimate undercount on the 1980 Census.

The CPS and other statistical programs provide useful contemporary information, but perhaps their greatest use comes from the provision of time series. For example, the computation of local unemployment estimates is one program being curtailed. If an area were found to have a high rate of unemployment, we might decide to change policies designed to generate jobs there. However, a time series of unemployment estimates could indicate that the current rate was in fact lower than the corresponding rate for the previous year, suggesting that programs already in place were working. Once the time series is broken, it becomes much more difficult to evaluate the long-term effects of government policies.

We should look for ways to expand the uses of the CPS, either on its own or in concert with administrative records. This can be done in two ways. The first is to expand the CPS, and increase its ability to provide local estimates. The second is to sponsor research in which the CPS can be used to evaluate the errors of estimates provided by other statistical programs. These cost effective programs cannot be undertaken if the budget allocated to CPS activities is slashed.

The Decennial Census

The 1980 Census is said to have cost over a billion dollars. In the current atmosphere of budget cutting, it is imperative that we look for ways to collect data on the 1990 Census which will produce accurate estimates inspite of a reduction of funding for the Census. In fact there are means of taking the Decennial Census which will not only greatly reduce its costs but also substantially enhance its accuracy.

The Bureau of the Census itself indicates that the Census has historically undercounted the population. This not only affects the assessments of the population in absolute terms but also the measurement of its growth. This latter point can be illustrated by a simple example. In 1970, the official census count of the American population was 203.2 million, but the "preferred" Census Bureau estimate of the national population was 208.5 million. In 1980 the official census count and the preferred population estimate converged, the official count being 226.5 million and the "best" estimate 225.7 million. Our problem as users is that we don't know how much the population grew. Was it by the official tally of (226.5 - 203.2) = 23.3 million, or by the "preferred" tally of (225.7 - 208.5) = 17.2 million? The problem is put into even bolder relief when we deduct the natural increase (births minus deaths) of 13.9 million occurring in 1970-80. Was the segment of population growth due to immigration (23.3 - 13.9) = 9.4 million, or was it (17.2 - 13.9) = 3.3 million? These numbers are too far apart to permit an effective evaluation of the impact of immigration on the growth of the American population.

Although we are told that Decennial Census data contain errors, no systematic attempt is made to adjust estimates for these errors and to consequently improve them. It would be a good idea to divert some of the money spent collecting the data to fund research programs which would aim to develop methods for better estimating errors. Instead of expending vast sums of money to attempt to count each person, a method historically resulting in undercount, one could obtain more accurate results at less expense by taking samples, and statistically expanding them. Procedures for doing this include an expanded use of the CPS, increased use of administrative record matching, or combinations of these two programs. These research and survey activities should be given top funding priority.

To summarize, funds allocated to the CPS should not be cut. In addition, funds should be allocated to fund research aimed at improving methods of using CPS data and administrative records to improve national and local estimates. With inflation, and reduced government spending, it seems impossible that the 1990 Census can be funded at the level of the 1980 Census. Research funds are needed now to develop alternative and cost effective procedures of Decennial Census data collection and estimation to ensure an accurate Census in 1990.

Yours,

Eugene P. Ericksen
Senior Sampling Statistician

Nielsen Marketing Research

Marketing Research Group USA
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Nielsen Plaza
Northbrook, Illinois
60062

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1982 [illegible] 11: 29

March 9, 1982

The Honorable Robert Garcia
Chairman, House Subcommittee on Census and Population
Room 1711
Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Garcia:

Thank you for your letter of February 18, in which you invited comments on business and research use of federal statistical programs, and on problems that would result from a reduction of resources for these programs.

I am Vice President and Manager of Statistical Research for the U. S. Marketing Research activities of the A. C. Nielsen Company. For the past 48 years, the A. C. Nielsen Company has provided the leading manufacturers of consumer goods with factual information on the flow of these products in the retail marketplace. In carrying out this work, as well as in our television audience research, we have made extensive use of data collected by the U.S. Census Bureau in both its demographic and its economic survey programs. We have worked closely with businessmen who have come to rely on Census data for information on the industries they represent and the markets that they serve. In dealing with hundreds of clients for these many years, we have had an excellent opportunity to observe, first-hand, their use of and dependence upon accurate, up-to-date Census data.

These years of experience have given us a unique vantage point from which to appraise quality and usefulness of government statistical programs, both here in and in twenty three countries abroad. As we have expanded our marketing research services worldwide, we have come to appreciate more and more the greater efficiency and assurance with which business, civic, and governmental decisions can be made in the United States because of the superior body of statistics collected by

U.S. statistical agencies--and, in particular, by the U.S. Census Bureau. Throughout the world, the Bureau has long had a unique reputation for integrity, for independence, for confidentiality, and for the highest standards of professionalism and technical competence.

Many of the programs carried out by the Census Bureau and other U.S. statistical agencies encourage the more efficient marketing of goods and services by making available more and better statistical information. Basic data for states, counties, and local areas such as population, demographic characteristics, employment, and payroll, as well as retail sales information, are essential in setting up and projecting surveys and in interpreting or analyzing local area markets.

Just as government cannot effectively address issues of economic policy solely at the macro-economic or aggregate level, few retailers or manufacturers can deal with their marketing or distribution problems only on a national scale. I am sure you are aware of the tremendous regional variations in most vital sectors of the economy today, with wide differences in unemployment, economic growth, and job opportunities. Because of this diversity of marketing, population, and other geographic factors, national sales or population figures often provide inadequate insight into the business and demographic trends influencing them. Even the largest, most successful manufacturers prefer to tackle marketing problems on a regional basis, and share this interest in accurate measurement of population and retail trade by regions of the country.

Both the Department of Commerce and the U.S. Census Bureau have long been at the forefront in recognizing the role that distribution and marketing must play to keep our economy healthy. Even the more ardent advocate of government economy should recognize the prudence of expenditures to provide high quality, detailed and frequent basic information concerning final transactions in our distribution system.

Unfortunately, however, some users who place heavy reliance on barometers of economic activity, such as the Gross National Product and Income Account series, fail to recognize the need for nourishing the Census Bureau programs which underlie, and provide the basic input data for, these series. I know that your subcommittee keenly recognizes the critical role played by the Census Bureau in the furnishing of these key barometers, and of the need to maintain their integrity, detail, and timeliness.

We are concerned, also, that budget restrictions are serving to cause delays in the publication of the vital decennial population and household statistics on which businessmen, as well as government policy makers, rely for their plans. Statistical data is perishable: its release must be timely if its purpose is to be fully served.

In the difficult economic times that lie ahead, both business and government need more, not less, information on current demographic, labor force, and economic developments. It would be foolhardy, in stormy seas, to seek to lighten the ship's load by tossing its navigational instruments overboard. Yet I fear that reductions in funding for these vital statistical programs would have exactly this effect. It is in these difficult times that accurate navigational equipment is most critically needed--both nationally and at the local level.

I am attaching a list of the principal of the principal U.S. Federal Statistical Programs utilized by the A. C. Nielsen Company in providing business research services to its clients.

Cordially yours,

William J. Hawkes

William J. Hawkes
Vice President

Enclosure

WJH/sgh

March 10, 1982

TESTIMONY BY DR. JOEL POPKIN, PRESIDENT
JOEL POPKIN AND COMPANY
SUBMITTED TO THE HONORABLE ROBERT GARCIA, CHAIRMAN
SUBCOMMITTEE ON CENSUS AND POPULATION
THE UNITED STATES HOUSE OF REPRESENTATIVES

I welcome the opportunity to express to your committee my views on the impact of recent budget reductions on the quality and usefulness of Federal statistics. My own career as an economist has been divided about equally between endeavors which have involved the production of statistics and those which have involved the use of statistics. I hope this experience puts me in a unique position to provide comments which may be useful to you.

There are two parts to my comments: first, I wish to focus on the actual and potential problems arising as a result of budget cutbacks in recent years; second, I wish to consider the effect these budget cuts will have on the ability of staff to undertake improvements in the statistical base.

Since much of my experience as a data producer was with the Bureau of Labor Statistics where I was Assistant Commissioner for Prices, let me begin by commenting on problems I see and foresee in the BLS's price statistics program. The latest revision of the Consumer Price Index (CPI) actually began in 1968, yet it took until 1977 for this undertaking to culminate in the publication of the revised CPI. The BLS anguished over the problems associated with conducting the revision, and learned several lessons from that experience. One of the things it learned was that the process of revision must be a continual one. To this end, it initiated a continuing quarterly survey of consumer buying patterns, a survey that for some time has been part of the regular statistical collection program of several industrialized countries. The BLS also initiated the first comprehensive survey designed to yield a sample of outlets in which prices would be collected for the CPI; this survey is called the Point of Purchase Survey. It is my understanding that the Fiscal 1983 budget contains no funds to begin the revision process by tapping these two data sources. If Congress does not act itself to provide funds for these purposes, the next CPI revision is likely to be delayed and be much more expensive. Further, I see no funds provided to improve the rent sample. This omission will affect not only the revision of the CPI, but also the rent index in the current CPI which will be used beginning next year as a rental equivalent measure for owner occupied housing.

Leaving BLS programs, I note with concern the cutbacks in the Census Bureau's budget for the measurement of income in-kind benefits. It seems to me that in the face of substantial cutbacks in social programs there is more need now than ever before for information about how recipients of many social, "safety net", benefits, who have been asked to absorb reductions in their standard of living, are adjusting to those reductions. Another important use of data on income in-kind benefits is to insure that adequate recognition is accorded the fact that the earned income of poverty-level families is not their only income source; when in-kind benefits are added, many of these families are afforded a manageable standard of living. So for this reason, too, it is important to have information on the magnitude of in-kind benefits.

Other concerns I have upon reading about budget reductions for statistical agencies are for those cutbacks that affect the computer hardware and software which have become an integral part of the production of statistics. It is my understanding that some computer equipment currently in use is outdated, expensive to operate, and needs replacement. Software needs redesign as well. If statistics are to be compiled on time, at minimum cost, and utilized to the maximum, it is not wise to put off changes in the computer equipment at the disposal of Federal statistical agencies.

The second focus of my comments, as I indicated, is on the professional people who produce our Federal statistics. It is important, in order to maintain the dedication and innovativeness of professional staff, that adequate opportunity be available for the development and implementation of new techniques of statistical collection, new concepts for data series and new analytical uses. Good professionals need that challenge that only opportunities to effect change can cultivate. A static environment for statistical professionals is one that will all too quickly lead to a decline in the quality of statistics.

I have left to the end the question of how budget reductions affect me, as a statistical user. To date, there has been little effect. The stretch-outs that I noted in various price programs, such as the CPI revision, and the provision of producer and import and export price indexes, which I understand will be slowed as a result of budget reductions, will limit the extent to which other consultants and I can serve clients. I recognize, however, that at a time of austerity everyone, including statisticians, must bear his share.

My last point concerns the release of statistics. I have noticed an increase in errors in the monthly schedule of statistical releases published by OMB. In addition, it is my impression that because of budget reductions, statistical agencies are now missing some of these published release schedules. I would like to remind the Subcommittee that the advance publication of a schedule of statistical release dates has had as its main objective the establishment of release dates that can not be changed through political pressures. I am not suggesting that political pressure has or will be brought to bear. But if, for example, the BLS were to be forced by tight budgets to delay a statistic beyond its published release date and that delay was merely correlated in time with a political event that might have been affected if the statistic was released on time, the statistical community would be plunged back into the problems of the early 1970's, when politicization of the statistical system was prominently discussed.

Radio Advertising Bureau, Inc.

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Offices: Chicago,
Detroit, Los Angeles

Richard J. Montesano
Senior Vice President, Marketing

MAR 12 1982

March 9, 1982

Mr. Mike Ferrell
Sub-Committee Staff Director
Census & Population Sub-Committee
Room #601
Annex #1
Washington, D.C. 20515

Dear Mr. Ferrell:

I would like to register my strong objections to the cutbacks being considered for the Census & Population Reports. First of all, the Radio Advertising Bureau, as an organization, subscribes to many reports and uses these reports to help our over 3,000 member Radio stations.

Several of our publications, such as the RAB Instant Backgrounds and other data oriented manuals prepared for our membership, include census data. I've attached information that we have published based on some of the census information.

Specifically, the cutback on the selected services monthly report already inhibits us in terms of not being able to obtain information on receipts of hotels, auto repair shops, dry cleaners, etc., on a monthly basis, which enables us to show the seasonality of these services. Having this information enables Radio broadcasters to help local accounts in these areas plan their advertising and make it more efficient.

The entire research & development aspect of our country is at stake when the Census Bureau cuts-back its services. New surveys, which reflect the attitudes of the public and seek to develop areas for new products and services, will be hampered by the restricted data gathering and limited publication of census information. If there is anything further I can do to help resist this effort to do away with some census information, please let me know.

Sincerely,

Richard J. Montesano

Richard J. Montesano

by Jacqueline McGee

The Rand Corporation

March 20,1982

With regard to the following statement, the views and conclusions expressed are those of the author and should not be interpreted as representing those of The Rand Corporation or any of the agencies sponsoring its research.

As Administrator for the Rand Computation Center Data Facility, my responsibility is to assist our research staff with the acquisition of data for use in their research projects. The primary data utilized by these projects are comprised of federal statistical data.

During the past few years we have acquired data from the Bureau of Census, the Department of Labor, the Office of Education, the National Center for Education, the Social Security Administration, the National Center for Health Statistics, the Bureau of Health, the Department of Agriculture, the Bureau of Economic Analysis, the Department of Energy and others. The acquired data are archived in our facility and are utilized by many projects.

Approximately 41 Rand projects each year have utilized the federal data acquired by our facility. The projects using federal data are engaged in research to resolve both national security and domestic policy issues. These policy issues include areas of education, health, manpower, public finance, criminal justice, energy, housing and many others. Such research is not possible without the continuing availability of accurate, timely and relevant data.

There are no other sources for the data collected and distributed by the Federal Government. Timely collection and dissemination of federal statistical data is extremely important and vital to the conduct of Rand's research.

SEARS, ROEBUCK AND CO.
NATIONAL HEADQUARTERS

March 8, 1982

Mr. Mike Ferrell
Staff Director
Census and Population Subcommittee
Congress of the Unites States
House of Representatives
Washington, D.C. 20515

MAR 12 1982

Dear Mr. Ferrell:

At Sears our major research needs from the Census Bureau revolve around the Census of Retail Trade and the Current Population Survey. As I understand it, there are no changes planned at this point for the Business Censuses. Hopefully, in the future this stance will remain the same. This is because the Census of Retail Trade is the single most comprehensive source of information concerning the retail industry. The demographic and labor force reports generated by the Current Population Survey are also very valuable. The cutback in regional data needs could, however, justify a reduction in sample size and subsequent cost savings. In terms of data output, it is unlikely that the basic population and employment/unemployment CPS information would be affected by budget stringencies. But, it should also be noted that much of the supplementary once-a-year CPS information is also valuable and should be carefully evaluated if considered for elimination.

For our purposes, the one proposed data cutback that will hinder our work is the elimination of the regional department store sales reporting function. This is the only source of meaningful regional information for our industry. Regional analysts, besides those in retailing, would also find it much more difficult to analyze local conditions without this basic data source.

It goes without saying that all programs should be evaluated both in terms of their own worth and their input into the national income and product accounts. It is difficult enough now to calculate meaningful GNP data. Data cutbacks may make future information less valid.

Yours truly,

T. E. Swanstrom
Department 902P
Corporate Economist

TES/gcm
cc; Ms. M. Siegel -D/902P
    Mr. E. Jansky - D/902P
    Mr. J. Skorburg - D/902P

SEARS TOWER CHICAGO, IL 60684

Statement of
Robert Parke
to

Subcommittee on Census and Population
House Committee on Post Office and Civil Service

Hearings, March 16, 1982, on the impact of recent budget reductions on the utility and quality of federal statistics

Address: Robert Parke
Social Science Research Council
Center for Coordination of Research
on Social Indicators
1755 Massachusetts Avenue, NW
Washington, DC 20036

Phone: 202/667-8884

Statement of Robert Parke*

For ten years I have worked at the intersection of government statistics and that part of scholarly research in the social sciences which is concerned with improving the measurement of social conditions and social change in the United States. From the perspective of that work, I wish to make the following points about the statistical system and the effects of cuts in the federal budgets for statistical programs.

1. The development of quantitative social science in this country is inseparable from the development of government statistics, and the two are mutually dependent now.
2. Cuts in statistical budgets can be expected to have serious consequences for research on the measurement of social conditions and social change.
3. National statistical indicators are imperiled by cuts in research budgets as well as by cuts in the budgets of statistical agencies.
4. An orderly and intelligent adjustment to budget constraints is hampered by the lack of a suitable forum for the expression of national priorities for statistical programs.

The development of much of social science in this country is intimately connected to the development of national statistics. If we try to think of agricultural economics without statistics on the food and fibre industries, public health without vital and health statistics, labor economics without employment statistics, or population studies without the census, we see how impossible it is to disengage science and practice in these fields from the development and use of statistics. Equally, it is impossible to imagine the development of the statistics without reference to the sciences which furnish the trained personnel and develop the underlying concepts, the techniques of analysis, and the models and theories which organize observations and help in their interpretation.

For the quality and consistency of the measures available for analysis, science is indebted to the devotion of the major statistical agencies to careful measurement on a wealth of important topics, continuity of statistical practice, and high levels of technical craftsmanship. It is no accident that many thousands of people come from around the world to study social science in American universities, and many hundreds come from statistical offices in the world's capitals to find out how our federal agencies conduct censuses and surveys. The leadership of the United States in both social science and official statistics owes much to the strength of the contributions that these activities have made to each other. It is with this rich, intimate, and mutually rewarding set of relationships in mind that we should approach the question of cutbacks in federal statistical programs and their consequences for social science research.

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*The opinions expressed here are those of the author and do not necessarily reflect those of the Social Science Research Council or its Center for Coordination of Research on Social Indicators.

The federal role in statistics.

The federal government is the sponsor of the large, high quality surveys and censuses that provide reliable data on small areas and specific groups within the population and authoritative descriptions of changes in population, education, employment, and hundreds of other topics. The federal role is, of course, a reflection in part of the fact that the government has a broad range of program and policy concerns on which it needs information and the fact that it commands large resources. However, the basis of the federal role in statistics is broader than either its program involvements or its budget for statistics, both of which are now being constrained.

The federal role in the production of statistical information is essential to the usefulness of the data. To use data for comparison, we must be able to compare data for New York and Buffalo (or for blacks and whites, for South and North, for rich and poor) with confidence that the differences reflect differences between New York and Buffalo, not differences in the way data systems treat population coverage, subject matter content, statistical definitions, data collection procedures, editing of returns, or the design of tabulations. Moreover, to compare results for one time with those for an earlier time, we must be able to assume a continuity of statistical practice and care in the documentation of revisions that is not often found outside the major federal statistical agencies. The comparability of the data, across time and across space, depends upon its being produced in a uniform way.

Federal statistics furnish benchmark data to which other data are compared, and statistical and conceptual standards that are relied on in nearly all of our statistical information about the nature of American society and the changes taking place in it. Figures collected in private surveys are validated by comparing them to federal survey data; the federal population censuses and surveys provide the data and models for the design of samples throughout the private sector; and concepts and definitions used in federal data programs furnish the standard and the point of reference for statistical work at other levels of government and in the private sector. Hence trouble in the federal statistical agencies means trouble for the entire national system for producing statistics. It is not just federally produced numbers that are at stake; so are all those public and private arrangements that rely on federal data and federal statistical standards.

Agency responses to cuts in statistical budgets.

Information from the statistical agencies indicates that they have made the following kinds of responses to budget cuts:

1) Reduced sample size, as in the cases of the Current Population Survey and the Health Interview Survey.
2) Reduced frequency of observation, and postponed data collection, as in the National Survey of Family Growth, the Census Bureau's data on childbearing, the National Longitudinal Survey of the High School Class of 1972, and the national sample for the Health and Nutrition Examination Survey.
3) Cancelled planned surveys, for example the Current Population Survey's supplement on multiple job holding; several higher education surveys; the Family Budget Survey; the survey of Aid to Families with Dependent Children; and the planned Survey of Income and Program Participation;
4) Dropped plans to collect data crucial to the interpretation of survey results, as in the case of the transcript and admission test data for High School and Beyond;
5) Reduced the number of planned pretests of new inquiries, as in the case of Health Interview Survey;
6) Reduced quality control, in the National Crime Survey, the Ambulatory Care Survey, and the Hospital Discharge Survey;
7) Delayed implementation of revisions in CPS and other samples to reflect changes in the population that occurred between the 1970 and 1980 censuses.
8) Postponed, curtailed, or cancelled plans for issuance of data, as in the case of many 1980 Census publications and the cancellation, with only a few months to go, of HHS's plans for release of data and documentation from the Income Survey Development Program.
9) Made drastic cuts in staff; made massive reassignments and instituted pay cuts for those who remained, at the Census Bureau.

The costs of cutting.

These actions affect variously the amount, reliability, timeliness, content, and quality of federal statistics. Each of the actions may be troublesome, but in different ways.

When we reduce sample size, we reduce our ability to use the sample data to trace changes occurring in subareas of the nation and in subgroups of the population. We consequently have less confidence in trends charted for the smaller groups and areas, are less able to test our ideas about the changing relationships among population characteristics, and are less able to evaluate hypotheses by examining their application in a variety of geographical, social and economic settings. It should be noted that, compared to other cost-cutting strategies, cutting sample size does have the virtue that its consequences can be calculated, since we know how to measure the increase in sampling error of the estimates.

Postponements and cancellations of surveys incur an irreducible cost: a permanent loss of information. In 1983 and 1984 we cannot conduct surveys of things as they were in 1982. Once we have failed to make these observations, they represent a page of American social and economic history that is permanently more or less closed to us. That may not, at some times, be a price we are unwilling to pay. It is hard to believe, however, that this time of great economic, social and political change is a wise time to be cancelling and postponing surveys of proven value, which furnish a basis of comparison with the past.

Postponement can cause important losses in timeliness of the data that become available, and deterioration of subsequent observations because we can't keep a staff together and trained. In the case of the more elaborate survey designs, it may be that interruption destroys the design and effectively ends the survey. Or, it may be that the analytical models which use and interpret the data assume, say, annual observations, so that an interruption of the series severely limits its usefulness.

It must be said that the costs of cancelling and postponing data collections at least have the virtue of being fairly visible to the trained eye. That is not true of some other listed methods by which agencies are adapting to budget cuts. The reduction in the number of pretests, by which statisticans learn what questions work and discard those that don't, and reductions in the quality control of data processing (coder verification, for example), are pernicious ways of cutting costs because their effects are invisible. Reductions in data quality may worry us, but if we don't know how to measure the loss in quality (and on the whole we don't know how), our worries probably will not cause us to stop using the data even when we should. The cost is likely to be the invisible cost of faulty perceptions and erroneous conclusions.

The postponement of revisions in survey sample designs to reflect 1980 census data means, for example, that the 1983 and 1984 data for the major federal surveys will be much less useful than they would otherwise be owing to the continued use of a 1970 Census basis for sample selection. Finally, what can one say about decisions not to publish unique and important data that have been developed and collected at considerable expense? And how can one assess the impact on the volume and quality of output, and the loss of trained talent, associated with wholesale firings and reassignments?

National statistics, academic statisticians.

Many important statistical indicators are now in jeopardy owing to severe cuts in federal funds for research. Many key studies are conducted by university researchers with support from federal research funds rather than from statistical agency appropriations.[1] Used nationally for important public purposes, these data have become a strategic component of the nation's statistical system. It follows that threats to these data merit the attention of the Subcommittee. What matters is the effects that federal budget cuts have on the statistics available to Americans and their policymakers, not whether the data were prepared in a government agency.

The private sector in the United States produces an enormous battery of statistical information about the American people and the society. We look to the private sector for studies in which the government has no particular competence, as well as for data on topics which the departmental structure of government furnishes no natural home for. We look almost exclusively to private survey research firms and university research institutes for data on the attitudes, opinions, and perceptions of the American people.

Private sector research funded by federal research grants is responsible for a great many of the statistics of importance in the public sector. These statistics are in jeopardy owing to severe cutbacks in research funding, particularly the cuts in the funds available to the National Science Foundation, which is the principal source of support for the major indicator data series. NSF funds for social science research are a little over half what they were in FY 1980 (1980: $31.3 million; 1981: $24.6 million; 1982: $17.6 million--all current dollars). These are some of the studies supported by this money:

Panel Study of Family Income Dynamics. --Conducted annually since 1968, the Panel Study of Family Income Dynamics has revolutionized the understanding of poverty in the United States. Far from being a fairly stable tenth of the population, the poor, as shown in Panel Study data, are a group with a high rate of annual turnover, as families move in and out of poverty. For most poor families, poverty is a transient, not a lasting characteristic, and most familes below the poverty line are there because of divorce, widowhood, or a temporary loss of job from which in time they recover. These findings have far-reaching implications for how we think about poverty, the effects of welfare, and the society's interest in assisting those who are temporarily down on their luck as well as those who are permanently down and out.

General Social Survey. --Official statistics measure trends in employment, prices, and population, but not trends in race attitudes, tolerance of dissent, or attitudes toward spending on social programs. These topics are covered in privately conducted surveys, notably the General Social Survey, sponsored by the National Opinion Research Center, University of Chicago. Since 1972 the General Social Survey has produced time series data on the perceptions and attitudes of the American people, and on such behavior as the use of alcohol. Designed to furnish measures of changes in American social attitudes and practices, the General Social Survey is built around questions, first asked as long ago as 1936, which have been repeated faithfully in order to insure that changes in the numbers reflect changes in the society rather than changes in the way of measuring it. In addition to its contribution to trend measurement, the General Social Survey is making important contributions to understanding the transmission of values and attitudes between generations, the importance of ethnic origins in shaping social attitudes, and the role of education in American life..

American National Elections Studies. --Conducted every two years starting in 1952, the American National Elections Studies are the cornerstone of scientific knowledge of voting behavior in the United States. The studies are heavily drawn on by scholars, political practitioners, and commentators for an understanding of such topics as the changing role of parties in American politics, media effects on national elections, and how expectations of election outcomes affect voting behavior. The survey has sparked progress in the measurement of political phenomena and has furnished the basis for a science of voting and political behavior that is clearly cumulative--far from all of the original findings from the early surveys are still in place, having been genuinely displaced by superior knowledge that analysis of the survey data has made possible.

Other examples. The foregoing examples suggest the value to the Nation of these privately conducted surveys. There are other studies of comparable importance, including the Survey of Occupational Changes in a Generation, most recently conducted in 1973 and due for an update in 1983 or 1984. Findings from prior surveys in 1962 and 1973 furnish solid measures of trends in social mobility in this country and document the recent improvements in the ability of black fathers to pass on their advantages to their sons. There are the (now postponed) plans for updating the 1975 Study of Time use in Economic and Social Accounts. The way Americans use their scarcest resource has been transformed by the employment of women, the increase of leisure, and the rise in the unrecorded economy. But plans for an update of the time-use survey have been suspended indefinitely for lack of funds.

The United States, the world's leader in survey research, has developed a marvellous system of data sources monitoring changes in key aspects of the society. A major component of this system, comprised of data gathered privately with the support of government research grants, is now in jeopardy. Private foundations, such as the Alfred P. Sloan Foundation and the Russell Sage Foundation, have used their limited resources to keep key data programs going while alternate strategies for maintenance of the programs are explored. But the foundations to which the social sciences have traditionally looked have their own program priorities, and they are swamped by claims on their resources owing to cutbacks in social services in the federal budget. Several major foundations last year made it clear that for these reasons the government should not expect that private resources will substitute for government research resources withdrawn.

Conclusion

Cuts in statistical budgets can be expected to affect research on the measurement of social conditions and social change in many of the same ways that they affect other uses of federal statistics. Reduced flow of information, reduced frequency of observation, reduced statistical reliability, and degradation of data quality impair all uses of the data. In addition there are effects that fall particularly heavily on efforts to measure changes in social conditions. These include the reduced ability of researchers to maintain the integrity of time series, to trace changes occuring in a variety of subgroups and settings, and to capture the variation associated with the present times of unusually sharp change in the government, economy, and society. Finally, it is the case that important national indicator data series are threatened not only because of cuts in the budgets of statistical agencies, but also because severe cuts in the funds available for social science research imperil key data programs and the research institutions that conduct them.

It is a poor time to be without a forum for the expression of national statistical priorities and the exercise of national statistical leadership. In the old Office of Statistical Standards, the government once had such a forum, and it badly needs one now. What remains of that office lacks the staff, the leadership, and the mandate to do the job that is needed. Consequently, we lack a means of articulating statistical priorities, dealing with needs of the statistical system, and achieving an orderly adjustment to the budget constraints that are finally agreed upon. The present process of sudden adjustment, conceived at the agency or department level, is bound to produce results much inferior to an orderly transition that seeks national objectives, takes into account the relationships among programs, and insures that government statistical programs take full advantage of the advances in design, methods, and factual knowledge that have been achieved in the private sector in recent years.

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[1] O.D. Duncan, "Federal Statistics, Nonfederal Statisticians," Proceedings of the Social Statistics Section, American Statistical Association, Washington, D.C., 1972.

CHICAGO
Sun-Times

PAUL S. HIRT
VICE PRESIDENT MARKETING

March 9, 1982

The Honorable Robert Garcia
Congress of the United States
House of Representatives
Washington, DC 20515

RE: HOUSE SUBCOMMITTEE HEARING ON CENSUS AND POPULATION

Dear Sir:

This is in response to your request for information on ways the Chicago Sun-Times uses Federal statistics, and some of the problems we anticipate as a consequence of reduced resources for Federal statistical programs.

We have several levels of interest in such statistics:

- As a news-gathering organization, we have keen interest in reporting the state of the nation and its components as reflected in statistical information gathered by various Federal entities. We closely monitor such reports. From them we develop news and feature stories to inform the public of conditions and trends in population, housing, geographic and demographic shifts, employment, education, taxation, energy, crime, and others. Representative specific examples are cited in the attached reproduction of an article, "Sun-Times gets scoops at press of some buttons," from the August, 1981, issue of presstime, a publication of the American Newspaper Publishers Association.

- Articles developed for the Sun-Times from Federal statistical sources regularly reach a much wider audience via the Field News Service, an affiliate serving newspaper clients with combined circulation of over 15 million. Field News Service also draws upon the resources of the Boston Globe, the Baltimore Sun, and Newhouse News Service in presentation of stories developed from Federal statistical data.

- As a news organization, it is our function to inform the public quickly and accurately of important shifts reflected in the spectrum of Federal statistics; to provide timely information to enable a democratic society to exercise its options wisely. We decry the reduction, dilution or delay of basic statistical reports on the grounds that it makes their information partial and historical rather than complete and topical.

- On the operating level we also use Federal statistics--principally those developed by the U.S. Bureau of the Census and the U.S. Bureau of Labor. They are basic tools in developing a statistical picture of our market against the backdrop of the nation, and in tracing changes in population size, composition and distribution. These are analyzed and used in circulation and advertising development programs.

- A detailed account of these activities is set forth in "Census Applications in Newspaper Management and Marketing," a 1981 publication of the International Newspaper Promotion Association, 11600 Sunrise Valley Drive, Reston, Virginia 22091. Katherine Wallman, Director of the Council of Professional Associations on Federal Statistics, can provide a copy.

- In addition, we depend on statistics relating to retail sales figures, the Gross National Product, and disposable income levels, supported by statistics from the U.S. Bureau of Labor. All are studied for insights into upcoming levels of retail trade, a principal source of newspaper advertising revenue. Consequently, we hope that reportage in these areas can be maintained at high levels of definition and frequency.

In the hope that it may be useful, I attach a list of statistical reports we regularly use, culled from Bureau lists provided by Ms. Wallman. Those not included are of less interest in our business operation, as opposed to our editorial mission.

Thank you for the opportunity to present our views.

Sincerely,

Paul S Hirt

SUPPLEMENTAL FEDERAL STATISTICAL REPORTS USEFUL IN BUSINESS OPERATIONS OF THE CHICAGO SUN-TIMES

From the Bureau of the Census:

- Monthly department store sales data
- Postcensal population characteristics program (used in Census updates)
- Fertility data
- Postcensal population estimates
- Estimates of population for congressional districts

From U.S. Bureau of Labor:

- Labor turnover survey program
- Current population survey
    - Redesign to take account of 1980 Census changes
    - State and local area unemployment statistics
- Family budget program
- Economic growth and occupational outlook program

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March 8, 1982

The Honorable Robert Garcia, Chairman
House Subcommittee on Census and Population
House of Representatives
Congress of the United States
Washington, D. C. 20515

Dear Congressman Garcia:

This is in response to your letter of February 18 concerning the impact of recent budget reductions on the utility and quality of federal statistics. I propose to discuss primarily the impact on uses of statistics by Westat as illustrative of the uses by organizations that provide statistical research services.

Before proceeding with a discussion of Westat uses, I should like to make a few brief comments on the vital importance of statistical data to the nation in almost every important sphere of activity. An initial recognition of needs for statistical information began with the Constitutional provision for counting the population decenially for the apportionment of representatives in the Congress, and for the apportionment of direct taxes. By the time the first Census was taken in 1790 the need for information beyond simple counts was recognized and limited inquiries on age, sex, race, and family were added. The needs for information were such that the Census was soon extended to provide statistics on other subjects.

The statistical program of the U. S. government has been expanded over the decades to meet the needs of an increasingly complex and specialized economy. World War I, the Great Depression of the 1930's, and World War II were in a sense "fought" with statistics, and statistical programs were developed to meet urgent needs. The development of products and reaching the markets for those products by business and industry are highly dependent on statistics. Occasional efforts to make major reductions in statistical programs have encountered difficulties because statistical information is essential to the proper functioning of our free enterprise system. For example, when the Eisenhower administration first took over responsibility for the government, Secretary of Commerce Sinclair Weeks testified before the Appropriations Committee that he was not sure at that time of the need for the Census of Business.

Congress then dropped the appropriation. Immediately there was an uprising in the business community. They explained that the Census of Business along with other statistical information supports the vitality and health of the business community. The Census was reinstated the next year, with added costs as a result of the disruption. Moreover, within the year, as they became acquainted with the uses for statistical information, the Secretary of Commerce and his staff became leding advocates of statistical programs that provided information for business. They recognized how essential the information was to the economic health and welfare of the nation. Questions were asked, if the information is so essential, why doesn't the business community pay for it? Of course they do with their taxes, but why not direct payment by those using the services? The answer in this case, and in general for the widely used federal staitstics, is that they serve many different purposes and are used by divergent groups, industry, government, research, and there is no feasible way to assign costs and finance it other than by the federal government. The public interest is exceedingly well served by the assumption of responsibility by the federal government. This is illustrative of the situation in most areas of federal statistics.

With these general remarks I turn now to a summary of Westat's needs for and uses for information, and some of the consequences that result if programs are cut out or significantly reduced.

Westat does wide-ranging studies in different subject areas for various organizations, including agencies of the federal government and private industry. The studies usually are concerned with and provide information for evaluating and for guidance in dealing with important specific problems. Some of the areas of study include specific aspects of health, manpower, education, energy, housing, consumer prices, marketing, and others. In general, we use federal or sometimes state statistics in identifying the location and size of populations of various types that are under study, for study design and for analysis and interpretation of results. Many of the studies are in the form of sample surveys focused in particular problem areas. Others are analyses of available data. Cutbacks in the timeliness and quality of federal statistics impair the quality or alternatively greatly increase the cost of such studies. At the present time the delays in completing and the reduction in information from the 1980 Census, for example, have substantially impacted on the effectiveness of many studies of Westat, and of government and industry, in general. Wrong decisions involving many billions of dollars result from savings of a few million.

Our uses of federal statistics are so widespread and varying over time that they are difficult to summarize in brief form. Our recent uses have included statistics from the Censuses and current surveys of the Bureau of the Census (such as the Current Population Survey, the Annual Survey of Manufactures, and many others). They include uses of vital statistics and other information from the National Center for Health Statistics, of education statistics from the National Center for Education Statistics, of statistics on employment and on consumer prices from the Bureau of Labor Statistics, and others.

I provide a few brief illustrations of recent uses, as follows:

Epidemiological and Related Studies

Westat provides support services under contract to the National Cancer Institute for environment epidemiology studies done by that agency. A number of these studies are mortality studies in which the vital status and cause of death are obtained for each member of a defined study population. Death rates by cause of death are prepared for that population. These death rates are then compared with death rates obtained from federal and/or state vital statistics offices. These are based on health and population statistics. The purpose is to learn how the rates for the study population compare with those for other groups and the nation as a whole, and thus to measure the extent of problems and progress with respect to specific types of cancer.

Westat has also been concerned with the conduct of clinical studies designed to test various hypotheses on susceptibility to disease (e.g., risk factors), or to measure the relative effectiveness of specific diagnostic or therapeutic procedures. In order to plan such studies, Westat has made frequent use of data obtained by the National Center for Health Statistics, DHHS, from the Center's national data-collection system. Some specific illustrations are:

- National Master Facility Inventory -- This provides us with a list of hospitals and other medical care facilities as a frame from which to select a probability sample of institutions for study.

- National Health Interview Survey -- Since 1957, the data derived from this recurring survey has provided a national picture of the relative impact of different diseases on the lives of the American people. This is described not only in terms of the amount of medical care services provided, but the effect of disease and injury on productivity and disability. Reported findings can be compared to those obtained from special or local studies. They also provide the information needed by policymakers for justifying the direction of our medical research efforts and for proposing changes in our system of medical care. The 10 percent cut that is currently proposed in the size of the households in the sample can be tolerated, but further cuts would, in our considered opinion, decrease the precision of many of the estimates beyond the point of usefulness.

- National Death Index -- The establishment in 1979 of a computer file of almost all U. S. deaths is at long last meeting the needs of many health and medical researchers, such as Westat, in the conduct of large-scale epidemiological studies to determine the relationships between environmental, occupational and life-style factors and the incidence of specific diseases, such as cancer and heart attacks. Westat anticipates making extensive use of this Index and is gratified to learn that there are no proposals to cut its budgetary allocation.

The Hispanic Health and Nutrition Examination Survey

This survey, which is now under way, is being done for the National Center for Health Statistics. It will represent the first large-scale health survey of Hispanics and will produce information on illnesses, disability, needs for treatment and care, and nutritional status, and other measures of health and well-being. The information will be obtained through questionnaires and through direct physical examinations of a sample of the Hispanic civilian population. The study will operate out of mobile health examination centers traveling across the country, staying for a month or more in selected locations to identify the sample cases and to conduct physical examinations. Statistics from the 1980 Census on the size and the location of the Hispanic population were crucial to the sample design for the survey.

The Prevalence of Dental Caries in U. S. Children

The National Caries Program of the National Institute of Dental Research is a highly targeted program of research and development whose mission is the elimination of dental caries as a major public health problem in the U.S. The 1979 study conducted by Westat was specifically designed to provide prevalence data for school children.

The survey was conducted in a probability sample of school districts. The U.S. was stratified into seven geographic regions, further stratified into SMSA (Standard Metropolitan Statistical Area) and non-SMSA areas, and then into five additional strata based on median income, using information from both the Bureau of the Census and National Center for Education Statistics. These data were essential to the successful conduct of the study. Seventy school districts were sampled within these strata, and 70 schools within the sampled school districts. Then 1,904 classes were sampled from the selected schools.

Each dental examination team was composed of a licensed dentist and a trained data recorder. The teams traveled from school to school in appropriately equipped vans driven by members of the examination teams. The results provide relatively accurate measures of caries and other dental conditions for the eligible population of school children. The survey could not have been done without the availability of federal statistics, as mentioned above.

Quality Control of Basic Educational Opportunity Grants

Westat is a joint participant in the 1980-81 Basic Educational Opportunity Grants (BEOG) Quality Control Study, a replication of the 1978-79 study, also conducted by Westat for the Bureau of Student Financial Assistance.

The current study will contribute to the development of an ongoing quality control system for this multi-billion-dollar program, which provided financial assistance to approximately 2.7 million postsecondary students last year alone.

The major objectives of this study are to:

- Reliably document the program-wide error rates of the 1980-81 BEOG student program determinations, including eligibility, benefit amount, and payments;
- Determine the specific types and probable causes of significant program-wide error rates, if any; and
- Identify future actions which can effectively reduce or eliminate errors.

Westat collected data from a nationally representative sample of students and their parents. Approximately 15 students were chosen at each institution, and their awards were recomputed. Parents of both financially dependent and independent students were included. The results will be analyzed to determine the nature, frequency, and causes of errors; the effect of such errors on BEOG awards; and procedures that may be used to reduce or eliminate these errors.

Survey of College Graduates

This survey is being done for the National Center for Education Statistics. The purpose is to provide statistics on the educational and occupational status of those people who received bachelor's and master's degrees between July 1, 1979 and June 30, 1980, with particular emphasis on providing estimates of additions to the existing supply of teachers. These data will be used by educators and occupational counselors, as well as by federal, state, and local planners in making policy decisions and future plans with respect to education measures.

A two-stage sample was designed, the first stage yielding a nationally representative sample of 297 universities, from which approximately 11,000 bachelor-degree holders and 4,000 master-degree holders have been selected. The statistics from the National Center for Education Statistics were vital to the design of the study. The sample of graduates was selected from computer-generated lists of graduates or graduate programs obtained from the schools through mail and telephone contact with the registrars and other school offices. A questionnaire developed by NCES and Westat was mailed to graduates in September 1981.

A Comprehensive Study of Nonresidential Buildings and Their Energy-Related Characteristics

The Department of Energy contracted with Westat to design and conduct a national sample survey of all types of nonresidential buildings, including buildings housing government, educational and charitable and all other types of nonresidential buildings. The purpose was to measure the stock of such buildings, to identify them by type and size, and to measure energy-related characteristics such as end uses of specific types of energy, types of heating and cooling equipment, insulation, conservation practices, and other related topics. The study is the first to provide information on the inventory of nonresidential buildings in the U.S. The primary goals of the study were related to guiding conservation efforts and practices through retrofit and other procedures.

Estimated Impact on Future Earnings of Participation in CETA

The Continuous Longitudinal Manpower Survey, conducted quarterly by the Bureau of the Census, and analyzed by Westat, collects data on the characteristics of enrollees in CETA and follow-up data on their postprogram work experience for periods up to 36 months after enrollment. To evaluate the effect of CETA it is necessary to compare the postprogram earnings of participants with the earnings of persons who have similar work histories, educational attainments, age, sex and race, but who have not participated in CETA. The Current Population Survey of the Bureau of the Census provides the source for identification of similar persons who can be matched with CETA participants on the above characteristics.

Social Security earnings of participants and members of the matched comparison group are obtained by the Bureau of the Census from the Social Security Administration. Differences in postprogram earnings patterns between CETA participants and members of the comparison group then form the basis for estimates of the impact of participation in CETA on future earnings. An important element in the success of the project is the ability to maintain confidentiality of the Social Security earnings records by having the matched file maintained under the confidentiality constraints of the Bureau of the Census.

The above studies are illustrative of many that have been done recently or are currently under way. They depend in an important way on available statistical information from various federal sources, as illustrated. It seems reasonably obvious that such studies yield vital information, guiding and evaluating fundamental programs in which there is a strong public interest. The quality and cost of the information obtained in such studies depend on the availability of reasonably up-to-date and accurate federal statistics. We strongly urge recognition of the widespread uses and needs for statistical information and that steps be taken to insure the continuation of the federal statistical programs that provide the basic information on which the nation is so highly dependent. As was stated in a newspaper article recently, it is important not to shoot the (statistical) messengers that happen to deliver the bad news in the current economic crisis. It is important that messengers are available to bring the good news, when it occurs, so that appropriate changes in economic policy can be made. Otherwise, the consequences may be a deeper and longer crisis, with undesirable impacts upon industry and government and also on the basic and applied research that fire our future competitive economic health.

I shall be pleased to be of any additional assistance if I can.

Sincerely,
Morris H. Hansen
Morris H. Hansen
Senior Vice President

MHH:heb

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WASHINGTON, D.C.

March 10, 1982

The Honorable Robert Garcia, Chairman
House Subcommittee on
Census and Population
House of Representatives
Congress of the United States
Washington, D. C. 20515

Dear Congressman Garcia:

Thank you for giving us an opportunity to comment on developments in the Federal statistical system. They are of great concern to the members of the American Statistical Association, and indeed in almost every type of business or government activity depending on statistical information for planning purposes. The American Statistical Association has a Committee on Government Statistics and virtually the only topic discussed in its meetings during the past year has been the grim outlook for Federal Statistics as a result of budget reductions. This subject was an agenda item on the most recent meeting of the Board of Directors of the American Statistical Association in February and the Board instructed the Committee on Government Statistics to make its concerns known to the Administration and the public at large "in terms of letters, interviews, personal contacts and education programs". Your invitation to us to express our views was thus most welcome.

Federal statistics are a major source of information in the work of a very large proportion of statisticians, economists, market researchers, and other social scientists in the U.S. First of all, the data themselves provide much of the input to analyses of the economic and social situation of the U. S. Such statistics as the G.N.P., employment and unemployment, the C.P.I, agricultural production, birth, death, morbidity, school enrollment, and other educational statistics, supplies and uses of fuels, etc., are key indicators of what is happening to us and our economy. They serve as key ingredients in planning and evaluation by nearly every segment of industry and government, and decisions made on the basis of these data have major impact on the operations of our economy. There are no alternative sources of these statistics that are conceivable. First of all, resources do not exist. Probably even more important, no other source would have the same trust or credibility. For example, during the 1930's before the growth of the Federal statistical program, a good part of the energy of economists and public and business officials was devoted to trying to estimate unemployment rates and in arguing about whose estimates were more reliable. The trust in Federal statistics have essentially eliminated such uncertainties. The arguments are now about the best ways of dealing with the problems of unemployment, a much more productive endeavor. Similar examples could be given in other economic fields, as well as in health, welfare, etc. For these reasons, any disruption or reduced reliability in the statistical programs is viewed with alarm.

The results of Federal statistical programs are used in many other ways, as well. The elimination of some programs, delays in completion of others, and losses in quality will have serious effects on these uses, as illustrated below:

- Government statistics provide parameters for economic and social studies and decisions affecting the economic and social health of the nation. For example, analysis of the number of births, or deaths, is not very meaningful unless these data are expressed as rates, with population used as the denominators of the rates. For most purposes, total population is not sufficient but demographic breakdowns by such items as race and age are necessary. Death rates, in particular, are obviously directly affected by the proportion of elderly in the population. For studies in long-term trends in births, or mortality, for between-area comparisons, for comparisons of mortality of the general population with selective groups (e.g., persons working in potentially hazardous occupations, or subject to certain pollutants) accurate data are necessary on age distributions, and usually by sex and race. The accuracy of birth and death rates are sensitive to even small errors in the population figures used for denominators. Apparently, the Census budget will require a reduction in frequency of the production of these types of data for counties and subcounty areas.

- Sample surveys are conducted for private, state, or local governments (as well as for U. S. Government studies) to provide needed information at a low cost and at a relatively small burden on respondents. To a considerable extent the sample designs for these studies rely on statistics produced by U. S. agencies. Selection of a sample of counties and cities is almost always the first step in a national survey. Reasonably up-to-date figures on county population, average income, farm activity, industrial distribution, etc. are necessary to produce an efficient sample. A second step in sampling frequently is to select a sample of city blocks or similar small areas. Census statistics on the population and number of housing units in each city block are necessary for this selection. The delays that have already taken place in the publication of data from the 1980 Census have had serious effects on the efficiency of samples in the last year. The current Census budget will apparently create further delays in its publications, as well as the elimination of some programs entirely. This is bound to adversely affect the efficiency of samples, thus requiring higher costs or reducing the reliability of studies done during the 1980's.

- Surveys rely on Federal statistics for population controls for ratio estimates, or benchmarks, for other sample surveys. For example, in a 1978 paper in the Journal of the American Statistical Association on telephone surveys (an increasingly important method of data collection), the author states: "For most surveys, ratio estimates by income and race should be effective in sharply reducing potential biases. We have found it useful to replace income in the ratio estimates by items that correlate highly with income..... The use of educational attainment has been suggested by Warren Mitofsky of CBS News. Westat, Inc. and CBS News have used it for a number of telephone surveys." In addition, comparisons with Federal statistics are commonly used as a test of validity of private surveys. Again, reduced reliability and elimination of some Federal statistics will weaken virtually all other surveys.

- Research on improved procedures for survey methods by some of the Federal statistical agencies particularly the Census Bureau and the National Center for Health Statistics has been used by almost all private research organizations to improve their own methodology. Unfortunately budget reductions almost always have a greater impact on research activities rather than on day-to-day operations. The United States has been a leader in the development of new and improved survey methodology. This may be forced to come to an end.

We are very pessimistic about the course of Federal statistics over the next few years if the major statistical agencies do not have some relief in the budget reductions imposed on them. Elimination of selected programs is only part of the problem. Based on discussion with the directors of statistical agencies and on what happened in years of tight budget restrictions, we are concerned over the following long-term effects.

- The deleterious effect on a variety of non-Federal studies of U. S. Government statistical programs which will be eliminated, reduced in frequency, and delayed has already been discussed. Once a program has been discontinued, it is costly and time consuming to start it up again.

- We anticipate that reduced budgets will have an adverse effect on the quality of Federal statistics. Part of this will be due to smaller sample sizes used for surveys. Part will be due to a lowering of quality control to meet tight budgets. Some will be due to such factors as the elimination of data collection for some items used in the production of the G.N.P. estimates. The potentially poorer quality of key statistics alarms us as much as the elimination of programs.

- Statistical research is likely to be seriously reduced. The Census Bureau has apparently already announced it can no longer support its Statistical Methodology Information System, a bibliography of current research on methodology, which it operated since the early 1970's. OMB has announced the discontinuance of the Statistical Reporter. The consequence will be less effective communication and increases in duplication of effort. We believe these are illustrative of what will happen to other important research activities.

- Reductions-in-force in agencies like Census and the Bureau of Labor Statistics will largely affect younger statisticians, those who have been hired in the last few years. A very large proportion of this cohort will probably be let go. The last time this happened in the Census Bureau, it created an age-gap in the employees that had a serious effect on performance for a period of 20 years or more. Ten to fifteen years after the firing, there was a shortage of middle-level management personnel. At the time this age group should have been available to direct major statistical programs, it was necessary to rely on less capable staff. It is likely that the same depressing situation will be repeated on a larger scale, affecting the efficiency of the statistical agencies for many years to come.

- Reduction in the size of what used to be the Office of Statistical Policy in the Department of Commerce, at the time this group was transferred to OMB, has largely wiped out any effective coordination of the work of the various statistical agencies. The staff is now too small to even know what the various agencies are doing, much less to influence their activities. Government statistics will be far less efficiently managed. This situation is self-defeating since coordination and planning are especially important when activities are being curtailed, so that the continuing program is utilized to the best extent possible.

We are, of course, aware of the need to keep Federal budgets under control and are realistic enough to recognize that there are pressures to retain each budget item. We recognize that statistical budgets cannot be completely spared when all other programs are being reduced. However, the cuts being faced by the statistical agencies appear to be much heavier than for most other Government activities. In addition, Federal statistics have a unique role in that they are used as basic sources of information on our economy and society in general. Almost all Government programs rely on these data for information on the effectiveness of the programs themselves. They are also used extensively by private business, states and local governments in planning and decision making. Considering the amount of dollars involved, the budgets for statistical activities is small compared to other Federal expenditures. The restoration of a major portion of funds allocated to the statistical agencies would have hardly any effect on the other programs. We urge you to use your influence to see that their 1983 budgets are adequate for the needs they have to meet.

We hope this information is useful to you and your committee. If we can help in any other way, feel free to call on us.

Sincerely,

Lester Frankel

Lester Frankel, Chairman

Joseph Waksberg

Joseph Waksberg, Vice-Chairman
Committee on Government Statistics
of the American Statistical Association

RECEIVED

BRANDEIS UNIVERSITY
WALTHAM, MASSACHUSETTS 02254

Representative Robert Garcia
Chairman, House Subcommittee on Census and Population
Room 1711
Longworth House Office Building
Washington, D.C. 20515

March 3, 1982

Dear Representative Garcia:

I have relied heavily on Federal statistics throughout my professional life as an economist. My work has spanned a number of subjects: input-output analysis, innovation and diffusion of new technology, investment, the distribution of income and international trade. In all of those areas and more - I have depended on the information supplied by the Federal Economic Censuses and the Census of Population for basic data. There are no substitutes for this information in my work. Without it I could not have begun any of the in-depth studies to which I have devoted my scholarly life.

To understand my dependence on these sources, you must be aware that economics was, until the last few decades, a discipline that emphasized abstract models and very broad general principles. It was only with the advent of improved information and of computers that it became possible to quantify ideas about how industries depend on each other and to trace the complex interdependencies of specific sectors and households. To do this, the government compiled input-output tables that mapped the transactions among sectors in great detail. These are used widely, not only in academic research, but in essential information systems in many government agencies (including the Department of Defense) and in private industry as well.

It would be a grave mistake to assume that government statistics are more elaborate than we need or can afford. For a long time the United States was viewed as a model in this area, but by now we are put to shame by the information systems of many countries in Western Europe and Japan. Recent improvements in our statistics had encouraged us and allowed us to refine and upgrade our work. It is ironic that the very statistical system that we criticized because it did not supply enough information now threatens to shrink further.

Economics is hardly in anyone's good favor now. It is clear that economists need to know much more than they now do if they are to provide necessary understanding of how an economy works and how painful economic problems can be solved. I am convinced that what is needed is not broad philosophizing, but rather painstaking analysis of detailed economic facts. But the latter must be based on reliable information about a wide range of economic transactions. The Census is the only agency empowered to collect those facts and the only agency that can do the job that is necessary. I shudder to think of what will happen to empirical economics without data. Invaluable work in academia, the public sector and in private industry will collapse. And without its empirical wing, economics must be limited to general and abstract arguments. The limitations of those arguments needn't be elaborated here.

If you wish to view the arguments in this letter as a testimony, please feel free to do so. Needless to say, I am fully behind any attempt to avert damage to our essential statistical information system. We need more and better information, not less!

Sincerely,

Anne P. Carter

Anne P. Carter
Fred C. Hecht Professor
of Economics, and
Dean of the Faculty,
Brandeis University

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Population Studies and Training Center
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[illegible] D.C.

February 25, 1982

Congressman Robert Garcia
Chairman, House Subcommittee on Census and Population
Congress of the United States
Room 1711
Longworth House Office Building
Washington, DC 20515

Dear Congressman Garcia:

I have your letter of February 18 referring to the hearings which the House Subcomittee on Census and Population is holding on the impact of recent budget reductions on the utility and quality of Federal statistics. I was pleased to learn that this important issue is being carefully reviewed by your committee. It very much deserves critical attention since the cutbacks represent a most serious threat to the data system on which so much of our research and policy formulation are based. The value of the data to scholars, government officials, the business community, as well as the general public will likely be seriously impaired due to the delays in making census data available, the announced and expected cutbacks in the production of output and the changes in the format in which they will be available, cutbacks in tabulations and reports, and perhaps even in the quantity and quality of the data collected.

The very short time you have allowed for submission of a statement coupled with my very busy schedule over the next few weeks due to processing of graduate and post-doctoral applications and the selection of staff appointees prevents me from preparing a detailed assessment of the situation as it affects me and my colleagues in the Population Studies and Training Center at Brown University and the large number of trainees working and studying with us.

As the enclosed report describing our Center indicates, a good part of our research and training focuses on various aspects of the population of the United States including household structure, aging, ethnicity, fertility, mortality, health, migration, rural-urban-suburban distribution, commuting, labor force participation, and the status of women. All of these analyses depend very heavily on census and other government statistics collected and made available by the Bureau of the Census, the National Center of Health Statistics, Bureau of Labor Statistics, Department of Housing and Urban Development, Office of Education, etc. Beyond the direct use to which we put these materials in our own research and teaching, we are constantly being called upon by local and national, private and public agencies, as well as the media and the business community, to provide updated information and insights.

We are also often asked to prepare projections of the size, the composition, and the dynamics of change in the population of various neighborhoods, cities, states, etc., as demand dictates. It has been particularly frustrating in recent months to have to report delays in the availability of 1980 census results due to government cutbacks, and to have to indicate that certain reports which were available in the past and found to be most useful might no longer be available or that they would be available only in a format (e.g., microfiche) that would seriously restrict their use. In the past, very extensive use has been made of federal statistical data for local neighborhood and community planning purposes. Loss of such data or serious delays in their availability will constitute a major setback to effective planning and evaluation of ongoing programs. As a depository (our Social Science Data Center is affiliated with the Rhode Island State Data Center) of census data for Rhode Island, we are intimately familiar with the extent of demand for such data and the frustrations encountered by potential users when they learn that basic material from 1980 are not yet available in 1982 and that they still have to rely on the 1970 Census for their latest small area material. In our research at Brown, the same concerns frequently extend to national data. For example, one of my colleagues is proposing a national study of population redistribution patterns in the United States based on the 1980 census. It is not yet at all clear when and how much data will be available for such an analysis.

I teach a class in demographic statistics where we often compare data sets from different countries. As I tell my class, it is ironic that the United States which has long provided a model in effective census and other data collection and processing operations to developing countries, is now rapidly coming to more nearly resemble such countries in the slow pace at which data are made available and in the amount of data. Let's hope it does not extend to quality, too. At a time when India can pride itself in the speed with which some of its census results are announced, we have to apologize for the delays and cutbacks compared to earlier announced schedules and earlier achieved deadlines.

I appreciate that I have not given you an inventory of specific problem areas. Without having access to latest schedules, data collection and tabulation plans, and publication and distribution plans, a more detailed reaction is not feasible within the time limits available. I hope these general comments are of some use. I am confident that my professional colleagues who have been able to accept your invitation to appear before your Committee will be documenting more fully the specific ways that reduced resources have affected our use of government statistics in research, teaching, and policy formulation. It is indeed ironic that the very information that might prove most useful to the government and to planners in achieving the economies and greater efficiencies that are being sought through spending cutbacks is being lost through application of the cutbacks to the data sets themselves. My colleagues and I hope very much that your attention to this problem will help to rectify this situation. With best wishes for success in your efforts,

Sincerely,

Sidney Goldstein

Sidney Goldstein
Director

SG:jc

Second, the cuts in statistical budgets have already materially hurt staff morale. The best statisticians--those with more options outside government--are tempted to accept those options. Some have and more will if the cuts are not reversed. The result will be inevitable lowering of staff quality and sense of professional coherence.

Third, your subcommittee is no doubt interested in measuring the benefits of Federal statistics in relation to their costs. That important, but difficult, question has been increasingly on the minds of Federal statisticians and of Federal statistics watchers. The President's Commission was concerned with it; the Committee on National Statistics carried out a pilot study of it. I know that many senior Federal statisticians have worried about value per dollar and given serious thought to measuring it sensibly. The problem has been discussed at meetings of the International Statistical Institute. Sudden across the board budget cuts, however, abruptly slow down the very thinking and research along those lines that I suppose you wish to encourage.

Fourth, the current proposals to shift Federal responsibilities to state and local governments will, if it continues and extends to statistics, increase the cost of governmental statistical organization. Most states, and nearly all local administrations, do not begin to have the technical staff and organizations for statistical programs. More fundamentally, problems of quality standards, and of standardization of definitions, concepts, and units would become far more difficult than they already are. Further, geographical mobility of people and national organization of firms would make state and local statistical programs difficult, expensive, and perhaps ultimately impossible.

I hope that you will be able to reverse the current fiscal weakening of federal statistics, and to provide added resources for the many highly skilled, experienced statisticians among the leaders of our Federal statistical programs.

Sincerely yours,

William Kruskal

Ernest DeWitt Burton Distinguished
Service Professor

WK/rs

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MAR 17 1982

March 8, 1982

The Honorable Robert Garcia
House of Representatives
601 House Office Building Annex 1
Washington, D.C. 20515

Dear Representative Garcia:

I write in response to your call for comments about the effects of recent budget reductions for Federal statistical activities. The views expressed here are my own, but I think that most university statisticians interested in Federal statistics would have similar views.

A word of background. I was a member of the 1970-71 President's Commission on Federal Statistics; perhaps you know its report, Federal Statistics. I served for six years as initial chairman of the Committee on National Statistics at the National Academy of Sciences-National Research Council. At present I am in the midst of a term as President of the American Statistical Association.

Federal statistics have, of course, their strengths and weaknesses, but they are essential to the Executive, the Congress, and the public in trying to understand the nation's economy, social resources, public health, military strength, etc. Our country's statistical agencies have been on short rations for many years; to cut them further now is to take grave risks for both the short and long term future.

When the patient--the nation--is sick, it is no time to buy cheaper thermometers or cut maintenance of the X-ray machines. When a vessel is in stormy seas, it is foolhardy to cut corners on radar, navigational equipment, good maps, and ample, well-trained crews.

Others will tell you, I am sure, of particular unhappy effects that the 12% cut has had and will have on specific programs and specific uses of Federal statistics. I would like to stress four cross-cutting considerations.

First, the cuts are bound to fall heavily on research activities of Federal statistical agencies as those agencies desparately try to keep up programs legislated by Congress at a passable level of accuracy. Yet those research activities are of the essence in at least three ways: (1) the research groups provide the analytical capabilities for estimating levels of accuracy; (2) the research groups serve as seed corn towards methods to increase accuracy and utility--or to keep the same levels of accuracy and utility at lower cost; (3) field statistical operations without strong research auxiliaries are bound to deteriorate over time.

Which Are the Most Cost-Effective Federal Data?

Prof. Ellis B. Page

Duke University

Thank you for inviting my testimony on a matter so close to my professional and scientific activities and concerns. I am Ellis Batten Page, Professor of Educational Psychology and Research Methods at Duke University, in Durham, North Carolina. My earliest educational employment was as a teacher in the public schools, but in the years since I have worked as a counselor, director of guidance and testing, dean of a college of education, director of a bureau of educational research, and long-term professor in research methods to graduate students, and advisor to their research efforts. In my scientific life I have been recently President of the American Educational Research Association, a society with some 14,000 members which serves as the center for educational research and development in the U.S., and I have also served as President of the Division of Educational Psychology of the American Psychological Association.

During the past 20 years, I have served as both producer and consumer of Federal statistics, as have my many colleagues and their students and employers. And since about 1975, I have had the pleasure of serving as Chairman of various committees advising one or another agency of the Federal educational establishment. Presently, and for some years past, I have been Chairman of the National Planning Committee for the extraordinary federal enterprise "High School and Beyond" (HSB), a project of the National Center for Education Statistics. And it is partly about such unprecedented data riches which I wish to speak today.

The Twin Purposes of Information

Federal data, of course, serve two purposes: The first is to inform decisions which must be taken by agencies of government. The second, at first seemingly unrelated, is to increase the general knowledge about the nation and the world. In fact, these two are closely related. Program decisions of government must depend on accurate information about cause and effect, else programs will be -- as they sometimes are -- misconceived and counterproductive. Therefore, it is important to make statistical data accessible to researchers of whatever sponsorship so that all may best understand our society and its workings.

The Relation of Information and Control

For still another reason, it is essential that information be open to scrutiny: The Federal Government is quite properly the debating ground for many massive political, economic, and philosophical issues. If these debates are to be conducted in a healthy fashion, it is crucial that a group or party, temporarily in power, not exclude the opposition from knowledge of the true state of affairs. In fact, such a concern appears to be fundamental to the continuation of a democratic state. And its absence is a hallmark of totalitarian governments, especially in recent decades.

Understanding and Information Quantity

Inevitably, understanding of our society requires the collection not of solely a few variables, but of many variables. For example, any consideration of population growth must depend on knowing about the recency of immigration, the language spoken, the education and employment found, and the like. A few simple data, such as frequently taken in census, are not enough. Yet clearly, a great expansion of information, collected about each U. S. resident, would be prohibitively expensive and time-consuming, burdensome and invasive.

The Importance of Sampling

This apparent dilemma has in fact a standard and well-understood solution: Rather than collecting data on all members of our society, or even a sizeable fraction, we must emphasize the design and utility of samples, chosen to maximize our understanding of key questions for policy and for science. For most of our purposes, whether governmental or scientific, we may often find adequate precision in tens of thousands of cases, rather than in tens of millions, allowing us to put some of the resources saved into a larger number of variables, and into more data analysis and dissemination. And undoubtedly, some of the budget spent on data collection could be returned to other purposes of government. Still another tool of sampling may be very useful: what is called "matrix sampling." Even where we are collecting information about a large number of subjects, some questions we ask do not require every-person participation for our purposes. These are techniques, of course, which are well understood by statisticians, but much less so by the policy makers who order and request Federal information.

Selecting the Variables to be Reserched

Naturally, the value of a data set depends greatly on the questions asked, and on skill in the asking. Advisory panels, to help in formulating these, should come from a wide range of those interested, whether from Federal, state, or local government, or from among those private citizens and researchers who have a stake in accurately understanding society and in helping it succeed. Surely, the intellectual community outside of government will be able to provide much help.

Access to the Data

The greatest departure from past practices might profitably occur in providing universal, low-cost, and easy access to the data -- and at the level of the individual respondent. That is, each case record, suitably protected for anonymity and privacy, might be available for all interested researchers. Government itself would stand to gain much from such a condition, for this would permit a kind of explosion in knowledge and understanding about the variables researched, and their countless relations, which could inform policy decisions.

Such data bases are not a fantasy, but already exist in recent and unusual data sets collected by Federal agencies. Two of these are in the Education area, where the National Center for Education Statistics has generated such data sets: The National Longitudinal Study (NLS) of the Graduating High School Class of 1972 (with 22,000 cases), and the extraordinary High School and Beyond (HSB) of 1980 (with 58,000 cases). These are providng the most cost-effective data sets, those most productive of important research, in the long and bipartisan history of Federal education statistics. In addition, the Departmewnt of Labor has an impressive similar complex of data sets in its National Longitudinal Survey. In all three of these efforts, the usefulness of the information is greatly increased by continuing data collection on the same cohort (subjects) across the later years, so that earlier experiences and programs can be meaningfully related to later accomplishments.

There are already federal models for programs, then, which have maximum utility through providing maximum access to policy makers and to researchers; and which have maximum efficiency through employing the enormous economies available through sampling of respondents and of variables. One of the features of such models is in their appeal across the political and ideological spectrum: For liberals, they provide large amounts of information about our society, and aid in Federal programming. For conservatives, they provide extraordinary reductions of cost (often thousands to one) and a libertarian openness of public information, coupled with privacy and protection.

I join many colleagues, I am sure, in hoping that federal statistical enterprises are increasingly modelled after the principles here outlined, and the successful programs already established. Thank you again for the invitation.

UNIVERSITY OF FLORIDA
INSTITUTE OF FOOD AND AGRICULTURAL SCIENCES

GAINESVILLE, FLORIDA 32611

FOOD AND RESOURCE ECONOMICS DEPARTMENT

McCARTY HALL

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WASHINGTON, D.C.

March 10, 1982

MAR 17 1982

Representative Robert Garcia, Chairman
Subcommittee on Census and Population
Committee on Post Office and Population
U.S. House of Representatives
601 House Office Building Annex 1
Washington, D.C. 20515

Dear Representative Garcia:

As chairman of the Economic Statistics Committee of the American Agricultural Economics Association, an association member of the Council of Professional Associations on Federal Statistics, I would like to express concerns about reductions in Federal statistical programs pertinent to your hearings scheduled for March 16.

Two major sources of statistics utilized by agricultural economists are the Statistical Reporting Service (SRS) of the U.S. Department of Agriculture and the Census of Agriculture from the Bureau of the Census. The orientation of our profession is toward answering practical questions related to U.S. agriculture and rural people. An example of an important question based on SRS and Census of Agriculture data is the determination and causes of productivity changes in U.S. agriculture. The work of most agricultural economists is pragmatic, typically oriented in one of two directions: 1) the analysis and implications of public policy alternatives for agriculture and rural people, and 2) analyses and information directly applicable for the agricultural industry and rural people such as is disseminated through the federal-state experiment station system and cooperative extension service. Both of these are crucially dependent on existing federal statistics.

The Economic Statistics Committee has a history of cooperating with USDA and the Census Bureau in an effort to continually improve data collection and reporting procedures for improved knowledge about the nation's agriculture and rural people. One aspect of this work has been an evaluation of costs and benefits associated with agricultural statistics. The findings suggest a substantial underinvestment in agricultural statistics. Many of these statistics such as planting intentions by farmers are used by the industry in adjusting their actual plantings in light of these reports. Evidence suggests that the availability of these data vastly improves the operation of the farming system to the benefit of farmers, processors and consumers.

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The Census of Agriculture has successfully utilized follow-on surveys to obtain particularly valuable information on selected aspects of agriculture. One of these has been the Farm Finance Survey, evaluated by our committee to be extremely important in evaluating the financial health and structure of agriculture. This survey has been eliminated. The agricultural services survey has also been treated in a similar way. Yet, agricultural service establishments have taken on greater importance in modern agriculture as continually more activities once performed on the farm are now contracted to independent firms. Without inclusion of these establishments in the agricultural census (or in other economic censuses), we are at a loss in knowing how they contribute to agricultural productivity.

The Statistical Reporting Service of the U.S. Department of Agriculture provides much of the information we have about commodities and resources in agriculture. If cuts must be made, consideration should be given to reducing later crop estimates for those with multiple forecasts rather than eliminating some commodities entirely. The information value to an early season forecast typically far exceeds that for a late season forecast. The Statistical Reporting Service has already vastly cut its series on Farm Labor. This was our only current reliable source of information on employment and wage rates in agriculture. It will now be available only for July rather than four times a year. This has critically reduced its value in states such as Florida where the peak employment season is in the winter, a July estimate is of limited value there.

Although much of the Bureau of Labor Statistics data is used by a much wider audience than agriculture, series such as components of the producer price index pertaining to agricultural commodities are of considerable value. We need to be devoting additional resources to updating and improving these data series.

An important consideration to bear in mind is that agricultural statistics, as is the case with virtually all economic and demographic statistics, bear many of the characteristics of a public good and are thus a proper activity of government. And reiterating my earlier comment, economic evaluations of a number of agricultural statistics have suggested substantial underinvestment in these data when comparing the benefits with the costs of obtaining them.

Sincerely,

Robert D. Emerson
Associate Professor, and Chairman,
Economic Statistics Committee
American Agricultural Economics Association

cc: Senator Mark O. Hatfield
Senator Thas Cochran
Senator Lowell P. Weicker
Rep. Jamie L. Whitten
Rep. Neal Smith

FORDHAM UNIVERSITY Bronx, N.Y. 10458

Department of Sociology and Anthropology

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1982 MAR 15 AM 11:49
OFFICE OF ROBERT GARCIA, M.C.
WASHINGTON, D.C.

March 11, 1982

The Honorable Robert Garcia, Chair
Census & Population Subcommittee
223 Cannon House Office Building
Washington, D.C. 20513

Dear Mr. Garcia,

This is in response to your request for information on the problems anticipated as a consequence of reduced resources for federal statistical programs. I am writing as Chair of the Social Statistics Section of the American Statistical Association to express the concerns of many of our almost 7000 members with the effects of recent debilitating cuts in Federal Government spending for Social Statistics. The social statistics produced by the Bureau of the Census, the National Center for Health Statistics, the Department of Labor, etc., are fundamental tools for basic research, public policy considerations, and sound business and economic planning.

In particular, the "new Federalism" requires that timely and accurate statistics be available to policy makers and program personnel at every level of government. As state and local governments take on new functions they have increasing need for the data which comes to them from the decennial census, the current population surveys, the special surveys of the Department of Labor, the various surveys of the National Center for Health Statistics, and the National Vital Statistics System. Given the constraints of the current budget, it is likely that both the accuracy and the timeliness of these data will be affected.

Specific examples of the effects of the budget cuts include the following :

1. The number of reports produced from the 1980 Census will be cut and accessibility to the data will be limited as more of it will be available only on microfiche rather than in printed format.

2. County population estimates will be made on a biennial rather than an annual basis.

3. The annual national housing survey will become a biennial rather than an annual survey, as will the Fertility Supplement to the current Population Survey.
4. Population estimates for Congressional districts will be dropped.

5. Plans for an expanded post-censal estimates program have been dropped.

6. The survey of Income and Program Participation has been dropped with very little output from such a major investment.

7. Maintenance of the National Vital Statistics Systems is already jeapordized without further reductions in funding. Under the Federal/State/Local Cooperative Program, the Federal Government if unable to maintain its share of the cost. As a consequence of transferring the burden increasingly to the States, the timeliness and quality of the Data Sets covered are threatened. Yet, information on births and deaths is essential to estimating local population change. Information on cause of death is essential to identifying local and national health problems such as heart disease, cancer and strokes.

In addition to the above illustrative list, numerous other statistical activities will be affected. Two more general areas deserve special consideration: research and coordination. Research activities are among the first to go when budget cuts are experienced. This has a long lasting impact on any agency insofar as it hinders the ability of an operating agency to evaluate and improve what is being done and it discourages highly qualified personnel from remaining with the agency.

Efforts at statistical coordination which resulted from the work of the office of Federal Statistical Policy and Standards are also extremely necessary. The current budget has led to the virtual demise of this office and of the publication of the Statistical Reporter which has become a symbol of federal coordination efforts. These activities are increasingly important as users at the state and local levels seek data on which to base their policy and program decisions. Statistical coordination is not an expensive activity and is extremely cost effective in avoiding duplication of effort by federal agencies.

Last but not least, the basic research efforts of the various Social Sciences, Economics, Demography, and Sociology, depend heavily on accurate and timely social statistics. These research efforts will be severely hampered because of the cutbacks in Federal funding. Basic social science research in these disciplines frequently has practical applications. For example, demographers, economists, and sociologists have all been interested in research questions around the changing U.S. labor force and the status attainment processes of women, blacks, Hispanics, and other minorities. The Census and surveys of the Census Bureau are a major source of data used to examine these questions. The findings are relevant not only to the disciplines involved but to various efforts to promote equal opportunity in both the public and private sectors.

In short, the users of basic social statistics collected by the Federal Government include a wide range of individuals and institutions whose needs with respect to basic research, policy consideration, program implementation, and economic planning require the continued production of timely and accurate statistics.

Sincerely,

Mary G. Powers, Chair
Social Statistics Section
American Statistical Assoc.

and Professor, Dept. of Sociology & Anthropology

CHILDREN AND FAMILIES IN AMERICA: INFORMATION SYSTEMS FOR MONITORING THEIR WELL-BEING AND FOR DEVELOPING AND ASSESSING PUBLIC POLICIES

by

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prepared for panel on
Changing Families and Value Systems
for conference on
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Major changes are occurring in the American family and American family policies, but it is clear that the family continues to represent fundamental values, and it continues to be a critical social institution. From the viewpoint of most of us, when we were children our family was crucial in providing for our emotional needs for love and affection; it was crucial in providing for our physical needs for food, clothing and shelter; and it was crucial in providing for our intellectual needs for knowledge about our world and how to cope with it. Equally important, most of us participate in family life as adults, as a mother or a father. The emotional ties that bind us to our parents and to our children are among the strongest human emotions.

As a society, we must also place a high value on the family because it is the institution through which the society reproduces itself--children are typically born, nurtured, and socialized within a family environment. It is not at all clear how society could biologically renew itself without the institution of the family to provide for the bearing and rearing of children.

These values suggest at least two reasons why it is important to monitor changes in the American family, particularly as they affect children. First, the family has a fundamental impact on the development of children, and the children of today are the workers and the citizens of tomorrow. Second, children are people too, and as such both their family environment and their daily quality of life deserve at least as much attention as we give to adults.

Because of these basic American values, we have as a society assumed a certain amount of responsibility for the well-being of our families and our children by adopting a wide range of public policies related to education, health, nutrition and much more.

But, just as successful diplomatic and military policies can not be developed without accurate, objective, and timely information about the international situation, so too it is impossible to develop successful policies to insure and enhance the well-being of families and children without accurate, objective and timely information.

The ability to monitor family change and the impact of public policies will be especially important during the coming years as the Federal government implements an extraordinarily wide range of policies that promise the most fundamental social and economic transformation in America since the New Deal. I think most people would agree that we must have the information needed to monitor whether or not these policies are affecting America's families and children, and if they are, it is essential to identify the nature of those effects, and whether they are for good or for ill. We are fortunate in this country to have in place major data collection systems that can provide such information.

I'd like to begin by describing the most important of these information systems, and a few of the facts that we know, only because these data systems are in place. Then I'll discuss the value of these systems for implementing and evaluating the success of Federal policies, especially the New Federalism, and the impact of current budgetary policy. Finally, I'll describe how Federal budget cuts to our information systems and to the scientific infrastructure that develops, maintain, and improves them could substantially weaken the ability of the Nation to monitor the future impact of new government policies.

But first it must be noted that the only way to monitor social change or social stability is to repeatedly measure the same variables, in the same way, on comparable samples of the population. Without continuity through time in the measurement process, it is impossible to determine the extent to which change is, or is not, occurring. Equally important, in order to evaluate public policies, we must repeatedly measure relevant variables in a consistant fashion. Consequently, I will focus mostly on data systems that have provided us with important information for extended periods.

The oldest and most valuable source of information about American children and families is the Decennial Census of the Population, which was first conducted in 1790. It provides information for the Nation, and for the states and counties of America. Without it we would not have nationally comparable data for local areas on such basic population charactistics as: age; race; sex; educational level; employment status; occupation; income; family and household formation, dissolution and composition; housing quality, and patterns of commuting to work. In addition, because the census is needed to develop the sampling frames for many of our social and economic surveys, many surveys could not be conducted if there were no census. The major limitation of the census is that it is conducted only once per decade, a relatively long time period in a rapidly changing industrial society like ours.

Another extremely rich source of data on children and families is the Current Population Survey, including its supplements on marriage and fertility, school enrollment, income, and child care arrangements. Since 1947 it has provided us with information on an annual basis, and it explores many topics in greater detail than is possible with the census. The Current Population Survey provides the country's unemployment statistics. However, it provides information only for the Nation as a whole, its major regions, and a few of the largest local areas. Taken together, the Census and the Current Population Survey provide the basic knowledge needed to track changes in the socioeconomic status of children and families in America.

The other system that produces nationally comparable data for local areas is the national vital statistics system. The vital statistics on births and deaths, which have been available for the entire country since 1933, are the basic source of knowledge about the number of children added to America's families each year, and about the causes of death among children and adults. This information is collected at the local level from birth and death certificates. Each state then transmits the data to the U.S. National Center for Health Statistics, which develops and publishes national, state, and county counts. Most states also compile and publish their own data. Marriage and divorce statistics are compiled in a similar fashion. The census and the vital statistics provide us with the longest time trends of data that exist for the Nation. Both derive from legally mandated requirements and provide complete coverage for the Nation.

The birth statistics allowed us to monitor the rise and the decline in the postwar baby boom in America, and they provide important continuing information, as is reflected in the recent cover story in Time magazine concerning the recent rise in the American birth rate and in births among women in their 30s. They also provide our basic knowledge about births to adolescents and unmarried women in America. The death statistics provided the foundation for the recent report of the U.S. Surgeon General on the increasing importance of lung cancer, and hence cigarette smoking, on the American death rate from cancer. The premature cancer deaths of 100s of thousands of Americans every year has enormous implications for the husbands and wives and children who must carry on their lives without their spouse or parent. Without the vital statistics on births and deaths, we could not monitor the basic demographic changes in American society.

Another source of health information is the National Health Interview

Survey, which has been conducted continually since 1957. This survey provides data on sickness, on physical limitations, on visits to physicians and hospitals, and much more. The Health Interview Survey is the only information system we have to monitor major epidemics on a weekly basis. In addition, since the data collection procedures and the basic demographic questions are similar to those used in the Current Population Survey, the results of the two are directly comparable for the age, sex, and color categories of the population.

The third major source of health information in America is the National Health and Nutrition Examination Survey, which was conducted five times during the 1960s and 1970s, and which is now entering the field again with a special survey of the Hispanic population. This survey is the only source of detailed information on the changing health status of Americans as measured by actual medical examinations. Let me mention just two examples of important findings from this survey.

One major finding of this survey is that between 1966 and 1969 one-third of American adolescents who needed eye glasses did not have them; and of those who had eye glasses, approximately one-third had glasses with incorrect prescriptions. This has enormous implications, especially for the ability of adolescents to get the most out of their education. Unfortunately, comparable data were not collected during the 1970's, and we have no way of knowing whether, or to what extent, the situation has improved or deteriorated.

More recently, the Survey found during the late 1970s that about 4% of all children had such high levels of lead present in their blood that they should have been receiving medical treatment. This is a much larger percentage than had been suspected previously, and it is a major health problem since these lead levels can cause serious and irreparable brain damage.

If we want to know how much our children are learning in school, then we can turn to the National Assessment of Educational Progress. It is the only source of national information for the entire age range of children regarding their knowledge and skills in the areas of reading, writing, mathematics, the natural and social sciences, and the arts. Since 1969 the National Assessment has contributed greatly to our knowledge about how well our schools are performing and about what our children are learning.

One major finding of the National Assessment is that during the last decade reading skills of children in the primary grades improved, but they declined for children at higher grade levels. Another is that mathematical skills have declined across all grades, but particularly at the upper grades. Without this survey, such knowledge would not exist.

The Consumer Expenditure Survey is the best source of information on the material level of living enjoyed by Americans. This survey obtains information on the products and services consumed by American families, such as housing, food, clothing, transportation, energy, and education. After World War II this survey was conducted at intervals of approximately ten years, but starting in 1980 the information is being gathered continuously to provide annual summaries of the expenditure patterns of American families. This survey also provides of the basic foundation for the Nation's poverty statistics, and for calculating the Consumer Price Index by which we monitor the rate of inflation in America, a serious concern for American families as they try to make ends meet.

In order to understand the family formation process, we must have information on the reproductive attitudes and behavior and on the sexual activity and the contraceptive usage of women, in combination with their social, economic, demographic, and marriage patterns. The National Survey of Family Growth, and its precedessors the National Fertility Surveys and the Growth of American Families Studies, which began in 1955, provide this information.

One example of the findings from this survey concern the ability of married women aged 15-44 to bear children. In 1976, 19% of these women had chosen sterilization as their method of contraception, and another 25% had impaired fecundity, that is, they would, if they wanted to have a child, experience substantial difficulty in conceiving. This means that only slightly more than half of these married women, 56%, could easily have children if they desired.

Although each of these information systems provide critical knowledge about America's families and children, they are all limited because they take cross-sectional or snap-shot views of American society at single points in time (with notable exceptions such as Cycles II and III of the Health Examination Survey, the current follow-up now in the field for the Health and Nutrition Examination Survey, and a few others). But seldomly is the same sample of people followed though time to monitor how various life changes are sequenced to produce cumulative effects on the well-being of families and children. The Panel Study of Income Dynamics is of enormous value largely because it fills this gap.

The Panel Study of Income Dynamics has followed the same parents and children since 1968, asking them questions every year about their socioeconomic and demographic situations. It has followed families through the divorce of parents, and their remarriage. It has followed the children as they grew up and left home to start their own families, and then followed these families too. From a policy perspective the most important findings of this survey may be those regarding the extent to which families become permanently dependent on welfare, not only for a single generation, but for several generations in a row.

In any given year about 8% of Americans live in families that receive welfare benefits through one or more of the following programs: Aid to Families with Dependent Children (or AFCD), General Assistance, Food Stamps, or Supplemental Security Income. These may be viewed as the major noncontributory cash programs of the welfare system.

However, only about half of the Americans on welfare, or 4% out of the 8%, depend on welfare in a given year for more than 1/2 of their total family income. Perhaps more importantly, if we look beyond one year to a ten-year perspective, about 25% of Americans received welfare between 1969 and 1978. However, only about 2% were persistent recipients of welfare, depending on welfare for more than 1/2 of their income in 8 out of 10 years.

This survey shows that many people move into and out of poverty as their circumstances change, particularly their family circumstances. Divorce, the loss of a job, or the death of a spouse is often what pushes a family into poverty and onto welfare. The death of a spouse is particularly likely to affect older women, and divorce is especially likely to affect younger women and their children.

In fact, partly for these reasons, an adult woman is about 50% more likely than an adult man to live in poverty, an elderly women is 75% more likely than an elderly man to live in poverty, and a child is roughly twice as likely as an adult to live in poverty (nearly 20% of American children less than 14 years old lived in poverty in 1980). Nevertheless, in many cases, dependence on welfare marks the beginning of a digging-out process that usually ends with a job or a marriage that lifts the family out of poverty and off of welfare.

The Survey also followed the children of families on welfare to determine whether they too would depend on welfare when they became adults. The results show that less than 1/2 of such children were themselves receiving welfare as adults 8 years later. This suggests that a tiny fraction of families depend on welfare from one generation to the next.

The role of welfare in American society, then, can be summarized like this. For the most part, welfare provides temporary and partial support, often for women who have recently suffered a divorce and for their children. They remain on welfare for only the short period of time required to obtain the job that they need to become fully self-supporting or to marry someone with such a job. These results graphically illustrate, I think, the importance of the Panel Study of Income Dynamics for the analysis of family and welfare policies in America.

Although information systems that I've discussed so far are all critical for our ability to monitor changes in American families and the well-being and development of American children, improvements could be made. This is not the place to discuss such improvements, but for the last two years I have been working with an Advisory Group on Child and Family Indicators of the Social Science Research Council's Center for Coordination of Research on Social Indicators in Washington DC. With funding from the Foundation for Child Development in New York City, this group has developed a set of recommendations (for which it assumes sole responsibility) that go beyond those I'm presenting here to encompass needed improvements to our data collection, archiving, and reporting systems. If you wish, I would be happy to provide a copy of the report when it becomes available at the end of April.

A more immediate concern, however, is that the Nation is about to lose important data collection capabilities. These capabilities are important not only for forecasting the impact of alternative national policies. They are also essential to the implementation and evaluation of the New Federalism proposed by President Reagan. After spelling out the value of the data for these purposes, I'll briefly discuss the effect of Federal budget cuts to these critical data resources, and to the scientific infrastructure on which they depend.

One major value of the data I've been discussing is their use in forecasting the impact or effects of various policies. For example, the Urban Institute uses a computer model called "Dynasim" to simulate the future impact on families that might result from different social and economic policies. The realism of this model depends, in part, on the quality and variety of data that are fed into it. The information systems I have described provide much of the actual data needed for such computer models.

These data are also especially useful in assessing the overall effects of policies pursued by the federal government, because they monitor important social, economic, and demographic changes at the national and regional levels.

In addition, they provide information that will be critical to state and local governments as we move forward with the New Federalism proposed by President Reagan in his State of the Union Address. Lacking major information systems of their own, local areas will have to rely upon regional or national data that are currently available, but especially upon the census data and the vital statistics which, in many cases are the only sources of nationally comparable information about states, counties, and other local areas. As local jurisdictions assume increasing responsibility for policies that affect the well-being of families and children, they will require increasing amounts of data to design, implement, and evaluate these policies. Let me turn, then, to the current status and prospects of major, currently existing, data systems.

Overall, it is fair to say that because of Federal budget cuts the information obtained through these data collections systems is in jeopardy of suffering substantial reductions in the quantity, the quality, and the timeliness with which they become available for use by policymakers. These reductions threaten to seriously undermine the ability of the Nation to implement and to evaluate the impact of the revolution now taking place in the public policies that play a critical role in the well-being of American families.

The U.S. Census Bureau, one of the nation's leading data collection agencies, is responsible for the collection of data in conjunction with the Decennial Census, the Current Popualation Survey, and the Consumer Expenditure Survey, the Health Interview Survey, the Annual Housing Survey, the National Crime Survey, and other surveys. Unfortunately, the Census Bureau is being forced to effectively reduce its workforce by nearly 20%, through RIFs and furloughs, because of cuts to its own budget and to the budgets of other agencies for which it collects data, including the U.S. Bureau of Labor Statistics and the U.S. National Center for Health Statistics.

As a result, the publication of the 1980 census results will be delayed as will, in all probability, the results from the Consumer Expenditure Survey. In addition, fewer data will be available, and we will know less about the quality of the data than would have been the case without the budget and personnel cuts.

For the Consumer Expenditure Survey, budget cuts are forcing both the elimination of the rural portion of the sample, and the postponement of needed revisions to the Consumer Price Index. Budget cuts in the Current Population

Survey are forcing a reduction in sample size which will, in turn, reduce the availibility of state level data, including unemployment data. At least as important, budget cuts are forcing the postponement of the redesign of the sampling frame which was scheduled to take advantage of the 1980 census. This postponement will either reduce the reliability or increase the cost of data from the Current Population Survey, the Health Interview Survey, the Consumer Expenditure Survey, the Annual Housing Survey, and the National Crime Survey, because they all depend on the collaborative redesign of the sampling frame.

The U.S. National Center for Health Statistics, another important data collection agency, is responsible for the Vital Statistics Data, the Health Interview Survey, the Health and Nutrition Examination Survey, and the National Survey of Family Growth. Due to budget reductions, the time gap separating data collection from the publication of most of the results will increase substantially, and the results that are made available may be fewer in number and of less sophistication or complexity.

The National Assessment of Educational Progress is conducted by the Education Committee of the States with funding from the National Institute of Education. Budget reductions have already forced this survey to a two year cycle instead of a one year cycle.

Finally, the Department of Health and Human Services has ceased funding the Panel Study of Income Dynamics, which is conducted by the Survey Research Center in the Institute for Social Research at the University of Michigan. Although the National Science Foundation and the private sector bailed it out this year, its future beyond 1982 remains extremely tenuous.

Before finishing, I'd like to briefly mention three additional sources of information that are being eliminated, despite their potentially great value as the New Federalism moves forward. These are the AFDC Survey, the Survey of

Income and Program Participation, and the Mid-Decade Census.

The biennial AFDC Survey was the only state-by-state source of information about families on welfare. Although it was carefully designed to provide the first complete information on how many people benefit from different government programs, it has been cancelled. Such data could theoretically be collected for each state by each state, but the total cost would be considerably more than the cost associated with centralized data collection, and the quality of data would suffer. One reason is that it is far easier to create one national staff of well-trained professionals with special expertise on highly technical topics than it is to create 50 such staffs, one in each state.

The Survey of Income and Program Participation, which was scheduled to begin in 1982, promised to provide uniquely rich information through time with a panel study design by asking a large number of core questions about the amount and sources of household income, including in-kind benefits, and by obtaining information that included residence histories, education histories, marital histories, fertility histories, employment histories, and income histories. This survey has been cancelled.

Twenty million dollars were spent on the development of the survey, and the field test conducted in 1979 could by itself provide valuable information for the development of policies under the New Federalism, but the current budget does not include the additional, relatively small sum that would be required to produce public use computer tapes, which would make the data available to policy analysts.

Finally, in 1976 the Congress identified a need for census-type data at intervals more frequent than 10 years, and it enacted a law to provide for an additional census at mid-decade beginning in 1985. The primary need for such data arises from the fact that a census is the only source of much state and local data needed by federal, state, and local policymakers, but this information becomes outdated in many places long before a ten-year period has passed. In fact, there will be a 12 or 13 year gap separating the 1970 census from 1982 or 1983 when much data from 1980 census will become avaiable. A mid-decade census could reduce this gap to seven years or less. Despite the potential value of such data for developing, implementing, and evaluating the policies of the New Federalism, funds have not been budgeted for a mid-decade census.

Finally, despite its critical role in creating, maintaining, and improving highly cost-effective data systems, funding for basic social science research has been cut sharply. For example, the social science budget of the National Science Foundation has already been cut to 1/2 of the 1980 level, even with last year's restorations, pushing it well below the 1965 level in real dollars.

In sum, particularly since World War II, the nation has developed rich and varied sources of data that play an important role evaluating the overall impact of public policies which influence the well-being of America's families and children. The New Federalism might logically call for an extension of these data bases in order to provide additional local-area data that are needed both to implement and to evaluate emergent local policies. Instead, data collection efforts are being cut back.

If this continues, the American people, the Congress of the United States, and the Administration could lose the opportunity to implement effective policies under the New Federalism. Equally important, the American public and its representatives could lose the opportunity to ascertain the success or the failure of these policies. At a time when we are in the midst of the greatest social and economic experiment since the New Deal, I would ask: should we be reducing the scope, the quality, and the timeliness of data which we need to objectively assess the impact of the policies that are now being implemented, and should we be dismantling the scientific infrastructure that is responsible for maintaining and improving these data? We are in danger of doing exactly that.

Testimony of Dr. Conrad Taeuber
Center for Population Research, Georgetown University
submitted to the Subcommittee on Census and Population
House of Representatives, March 16, 1982

My name is Conrad Taeuber. I am a member of the staff of the Center for Population Research at Georgetown University, a private university located in Washington, D.C.

In this statement I am reflecting the views of the Committee on Population Statistics of the Population Association of America, the national organization of professional demographers. I am a former president of that organization.

The Committee believes that the flow of high quality demographic data and analysis is endangered by the budgetary actions which have been taken and are in prospect. It views with apprehension the possibility that prospective reductions in available funding will further erode the volume and quality of population statistics in the 1980's. The provision of such statistics is uniquely a responsibility of the Federal government, for the data needed must be comparable among all the 50 states. The coming years are especially significant, for this decade is the one in which a large share of the Baby Boom babies will have reached their majority. Through the jobs they take, the households they establish, their migrations within the country, and the life styles they adopt they will profoundly affect American life. The new Federalism may affect the movement of population between States in response to changing employment opportunities, taxation policy, or retirement opportunities. The locations and moves of the recently admitted foreign born will continue to be of prime concern.

The Committee is aware of the fact that demographic data are used for many government purposes, ranging from the apportionment of seats in the House of Representatives and State legislative bodies to providing the bases for a large share of funds transferred from the US Government to States and municipalities. They also serve as the bases for many actions by State, county, and municipal governments.

Recently attention has been focused on problems with the availability of data from the 1980 Census of Population and Housing. The effects of budgetary reductions have been serious interruptions in the ability to provide timely analytical reports. The same effect is felt in other data series provided by the Federal government: those dealing with births, deaths, marriages and divorces; immigration from and emigration to other countries; and the reports from the Current Population Survey.

Let me illustrate the situation in regard to demographic research throughout the country by citing the impact of recent changes in the availability of population data by a few examples from Georgetown University's Center for Population Research.

One of my colleagues has made intensive studies of the conditions under which our rapidly growing elderly population lives. Information from the censuses of population and housing is needed to bring these results up to date. She and another colleague had agreed to prepare an in depth report when the Census results became available. But now, nearly two years after the date of the Census, the information needed is not yet available. In view of the budget situation they cannot be given firm dates as to when the needed information will become available, or whether severe reductions from planned cross tabulations will force them to abandon this project.

Another colleague worked with a private research firm to supply data on the numbers and location of persons in need of bilingual education. The Congress had specified that the information should be supplied by September 30, 1980. A report "identifying the approximate number of children of limited

English proficiency in the Nation by language and by State" and providing some projections to the year 2000 was delivered on schedule. It pointed out that only very limited data were available when the report was being prepared and that the estimates by states were subject to considerable error because of the small samples on which they were based. A report that would be more responsive to the intent of the Congress could be prepared only with the aid of data found in the Census tabulations. At this time it is not possible to specify when the needed tabulations will become available or what reductions in the planned data will be required.

The Census is valuable not only for the information it provides for every part of the country, but also because it provides a good deal of information not available from any other source. This rich supply of information enables the analysts at the Census Bureau, and others to illuminate significant developments. As in the past, Census plans included special analytical tabulations to be done after the major tabulations for States, counties, and cities have been completed. These special tabulations were to provide information on the conditions under which minorities live; the extent to which children and adolescents are in school; the number of veterans and their living conditions; the care of the elderly, their living arrangements and family incomes; the changes in the types of jobs which people hold; the concentrations of disadvantaged people in cities or rural areas and, if in cities, their concentration in certain sections. One report was to present data showing the extent to which family incomes of operators on small farms are augmented with wages from non-farm work by the farmer or a member of the family, or both. These and other similar special tabulations are clearly endangered under the present budgetary outlook. Delay or abandonment of the special tabulations will adversely affect the plans of the Social Science Research Council to commission scholars to prepare books on selected topics, such as the status of women, working mothers and the care of children.

This series of analytical reports would provide a large amount of valuable information at marginal cost, for the cost of collection and a major share of the processing were incurred to meet other requirements. If these tabulations cannot be made there undoubtedly will be demands for special surveys some time during the decade in order to fill one or another knowledge gap.

The Censuses come once in ten years and supply valuable information as of the Census date. They also provide a basis for determining trends that took place during the preceding decade, that is, after the fact. Current statistics are needed to know when there are sharp changes in established trends. It was data from the Current Population Survey which first alerted us to the fact that the direction of movement by whites and blacks had been reversed and the new net movement was from North to South. CPS also provided early indications of the movement of people to more rural areas, and the inflow of population in areas which had been losing population in previous years. Such data also indicate shifts in the demand for services which States and local areas are expected to supply. CPS provides information on the numbers of children which women expect to have and thus gives invaluable information to aid in projecting the future course of population growth. In brief, all of us depend on the information from the Current Population Survey in our ongoing research projects. The announcement that the sample size of the survey is to be reduced means a reduction in the accuracy of the survey results and in the ability to project the results to some of the major metropolitan areas.

The cuts in 1982 and 1983 appropriations come at a time of rising costs and after a long period of years in which budget authority in real terms have been steadily decreasing. As shown in the report, Maintaining the Quality of

Economic Data issued by the Joint Economic Committee in November 1981, the real value of appropriated funds for the Census Bureau's program of monthly, quarterly, and annual reports fell by 9 percent from 1977 to 1981. A small increase for FY 1982 nonetheless reflects a 3 percent decline in real terms.

The Center for Population Research at Georgetown University has a continuing research program relating to handicapped persons, especially those who are mentally retarded or handicapped by mental or physical impairments. Information relating to the entire population with such conditions is very scattered and incomplete. The early census plans provided for a follow-up survey to be conducted after the main Census had been completed. This survey was to provide information about the living conditions of such persons, whether they were living independently, with their families, in institutions, or under other arrangements; jobs held, their earnings, specialized training, and differences in relation to the type of handicap. Such a survey would have provided comprehensive information of great value to governmental and private agencies providing assistance and care and for the agencies responsible for planning programs. The plans for that survey have been abandoned. Gathering and analysing statistics relating to these disadvantaged persons will have to continue to be based on fragmentary data, as heretofore.

For the last several years representatives of agencies providing assistance to the disadvantaged people in the nation have been concerned with the fact that each agency knows something about the persons and families which are served by the agency, but that very little is known about the degree to which the same families or individuals are beneficiaries of two or more programs. It is frequently alleged that the statistics on poverty are misleading because they do not take into account the extent to which individuals and families receive substantial increments to their cash income from wages or salaries or other sources. A comprehensive survey, Survey of

Income and Program Participation (SIPP), was planned with the assistance of an interagency advisory group.

The information to be gathered in that survey would have been invaluable to the action agencies which initiated the planning of it. Research Centers such as ours would have found data especially useful for their more specialized analyses. We followed the planning and field testing for the survey with interest and regret the action that effectively stopped further work on this project. The loss is especially severe for Federal, State, and local agencies which provide assistance through one or more of the programs. With the results of such a survey it would have been much easier, for example, to anticipate and detail the effects of the new Federalism.

Reports from the federal statistical agencies show clearly that one probable result of the budget cuts is to lower the quality of the published statistics. Cuts in sample size for household surveys in the Current Population Survey, the National Health Interview Survey and others will result in higher sampling errors and thus affect the utility of the results. Detailed studies of the quality of the data secured through periodic surveys or through the Census are being curtailed and the leadership of the Federal Statistical Agencies in this field is being eroded. The consequences may not be apparent immediately, but there will be long run effects. Private agencies cannot do the types of quality evaluations which the Federal Statistical agencies can do with the data they originate.

Statistics generally are perishable in that conditions may be subject to rapid change and thus any delay in the availability of data means a loss in their utility. Delays in the publication of some demographic data have been matters of continuing concern to demographers. This has been especially serious in relation to data on births and deaths from the National Center for Health Statistics, data on household and family formation, annual reports on family and household incomes, internal migration, and reports from the National Survey of Family Growth. The users of the data are now faced with a lengthening of the time between the date of data collection and the public release of the results. The timeliness of some data also is affected by the periodicity of the underlying surveys. Shifting the National Survey of Family Growth froma triennial to a quinquennial base, for example, reduces the ability of research workers in demography to track changes in family formation and size of families during the next years when the full effects of the post war Baby Boom will be felt through the relatively large numbers of "young marrieds." Will they continue the trends observed recently or will they duplicate the birth rates of the generation of their parents? The answers which they provide will have long term consequences for schools and the entire educational program, and eventually for housing, for jobs, and for the geographic distribution of the population by regions and in cities, suburbs and non-metropolitan areas.

In view of the reduced funds available for current operations, the Bureau of Labor Statistics and the Bureau of the Census have announced that the revision of the sample for the Current Population Survey (CPS) to take 1980 Census results into account will be postponed. This delay means that improvements in the survey results will be postponed.

It has been the practice of some private research organizations to measure the results of their own field surveys against the comparable information available from the CPS. At our Center we found it useful to make such a comparison in connection with a field survey done under our auspices in 1978. The postponement of the updating of the CPS sample reduces the utility of such comparisons for the next several years.

This statement would be incomplete if it did not speak of a matter that affects not only the demograhic data from Federal Statistical Agencies but of the entire body of federal statistics. That is the matter of coordination. Normally the data collected by one agency serve the needs of other agencies and many others, such as research workers, planners, and other business analysts. That is why demographers and other users have generally supported the view that the decentralized statistical system needs a strong central coordinating unit. For a variety of reasons the central coordinating function has been sharply reduced in the past year, both in staffing and in the ability to influence the work being done. This is not primarily a matter of budgets though the most recent transfer of the responsible organizational unit back to OMB involved a drastic reducation in staff. We believe that this is a matter that deserves early action, especially in this period when all federal statistical activities are under careful review.

One tool for the coordination has been the monthly publication, Statistical Reporter. OMB recently announced that this publication has been suspended. The effect on the non-governmental research organizations such as ours, is to make it much more difficult to know what surveys or research projects are being undertaken by federal agencies, especially those which produce demographic data only occasionally. It also will make it much more difficult for non-governmental agencies to keep informed about actions such as revision of the lists of Standard Metropolitan Statistical Areas, uniform rules for the designation of ethnic groups, revisions in the Standard Industrial Classification, and other actions taken with a view to coordination of practice in the Federal Statistical program.

THE JOHNS HOPKINS UNIVERSITY • BALTIMORE, MARYLAND 21218

DEPARTMENT OF SOCIAL RELATIONS
(301) 338-7626

Testimony by Dr. Andrew Cherlin, Assistant Professor of Social Relations, The Johns Hopkins University, Baltimore, Maryland 21218, submitted to the Subcommittee on Census and Population, Post Office and Civil Service Committee
March 16, 1982

My name is Andrew Cherlin, and I am a sociologist and demographer at The Johns Hopkins University in Baltimore, Maryland. In addition, I am the Chairperson of the Committee on Population Statistics of the Population Association of America, the professional association of the nation's demographers. In my statement today, however, I am speaking as an individual social scientist.

I wish to focus on two aspects of the cutbacks in Federal statistics: the reductions in force at the Bureau of the Census and the apparent downgrading of the government's statistical coordination function.

Currently, I am working under contract to the National Institute for Child Health and Human Development to analyze data from a special supplement to the June 1980 Current Population Survey, conducted by the Bureau of the Census. I am awaiting delivery from the Bureau of the final version of the public use data tape of this survey. The tape has been delayed--I should have received the final version months ago. Given the current upheaval at the Bureau, I expect future delays.

More important, however, the cutbacks at the Bureau may well cause serious problems for my research that go beyond delay. Those of us in the demographic community share a sense of pride with our colleagues at the Bureau in the quality of the work they produce. Simply put, the Bureau of the Census is--or was, until recently--the best survey research organization in the world. The quality of its work was often unmatched and was never surpassed. But the current round of cutbacks and reductions in force have caused many of us to wonder if the Census Bureau will have difficulty retaining its most valuable asset: its reputation for producing the highest quality statistics.

As you know, the reductions in force will result in a substantially smaller work force at the Bureau. This is troubling, but at a time in which many government agencies are seeing their budgets reduced, some shrinkage is perhaps unavoidable. But what makes the situation at the Bureau alarming is the way in which these cuts in the work force must be carried out. As I understand it, because of rules that protect workers with more seniority, middle-level Census employees who receive "rif" notices don't lose their jobs; rather, they "bump" others with less seniority. Then--and this is the key point--they must take the job of the person they bump. As a result of the rifs, then, a substantial portion of the Bureau's work force may soon be working at jobs in which they have no experience. Someone who knows how to estimate state and local population size might be working on the census of commerce and manufacturing; an expert on migration to the Sun Belt might be transferred to the fertility branch.

If this upheaval comes to pass, I and many other demographers will begin to have serious doubts about whether the Bureau can maintain the high quality of its statistics. And if our fears are realized--if the Bureau's work suffers in quality--then our knowledge of demographic trends, our ability to project the growth and movement of our population, will deteriorate. We need this information for planning, for legislation, as well as for scholarly research. Should the Bureau's work decline in quality, then, the consequences will be felt far beyond the scholarly community.

I also wish to mention the government's statistical coordinating unit, currently located in the Office of Information and Regulatory Affairs in OMB. As you know, Federal statistics are collected by many different agencies. For example, the marriage and divorce rates I use in my research are calculated from statistics collected by the Census Bureau and by the National Center for Health Statistics. Economists and those in government use the GNP estimate, which pulls together statistical information collected by several agencies. Someone must coordinate these diverse statistical gathering efforts to make sure that, in the end, the various statistics will fit together properly to form the divorce rate, the GNP, and so forth. That "someone," in the Federal Government, is the statistical coordinating unit.

Over the past year, however, there have been deep staff cuts in the unit, it has been relocated as a fairly low-level unit within OMB, and, most recently, its director has resigned. It seems to me that the coordinating function is not receiving the high-level support it needs to carry out its mission. Quite frankly, I fear that without increased support the government's statistical coordinating function may soon be lost. I, of course, hope that OMB will replace the outgoing director with a professional of similar expertise and ability. But I do not think that replacing the director will be sufficient. I believe that, in addition, OMB must provide increased high-level support for statistical coordination. Without such clear support, the office's mission will be compromised, the quality of Federal statistics soon will suffer, and a considerable waste of Federal funds will occur.

I urge your committee, as a group that is concerned about Federal statistics, to make known to OMB your support for a strong, effective statistical coordinating and planning unit.

Thank you for the opportunity to express my views.

THE JOHNS HOPKINS MEDICAL INSTITUTIONS

HEALTH SERVICES RESEARCH
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March 15, 1982

Honorable Robert Garcia
House of Representatives
Chairman, Subcommittee on
Census and Population
Post Office and Civil Service Committee
223 Cannon House Office Building
Washington, D.C. 20515

Dear Mr. Garcia:

I was pleased to learn that your Subcommittee had scheduled hearings for March 16, 1982 on "The Impact of Federal Budget Reductions on the Quality and Utility of Federal Statistics". It is encouraging to find that special attention is being given to the subject because of the long term adverse consequences of inadequate appropriations for the timely production and dissemination of data by Federal agencies directly or through grants and contracts to non-Federal statistical and research groups.

While I am concerned about the effect of reductions in the Federal budget on availability of information from such agencies as the Bureau of the Census and Bureau of Labor Statistics, I will confine my remarks principally to the field of health statistics in which I have been actively engaged for the past 35 years. Since 1973, I have been Director of the Health Services Research and Development Center and Professor of Health Services Administration at the School of Hygiene and Public Health, Johns Hopkins University. For many prior years, I was Director of Research and Statistics and Vice President of the Health Insurance Plan of Greater New York. Periodically, I have served on national committees and task forces responsible for recommendations that affect the development of health statistics and research needed for policy and planning purposes. I am a member of the Institute of Medicine, National Academy of Sciences where my committee work has concentrated on issues of quality and utility of national data sources in the health field. My background, accordingly, has given me a useful vantage point from which to assess the effect of budget cuts.

During the past 25 years, the National Center for Health Statistics (NCHS) has built an integrated information system on health affairs that represents the most comprehensive, continuous source of reliable data for the United States on vital events (births, deaths, marriages, divorces), disability and other impairments of functioning, and utilization of ambulatory, hospital, and nursing home services. Vital statistics had their genesis in a predecessor agency; the others are due to NCHS.

There are several aspects of the information system that are critically important for the many University based individuals like myself, who have developed relationships with local and State health agencies to improve the cost-effectiveness of health care and to identify high risk groups for perinatal mortality, premature birth, cancer, heart disease, and other conditions for disease prevention programs. Most prominent are the production and dissemination of uniformly collected, high quality statistics; the establishment of links to State health statistics agencies and provision of technical assistance to strengthen their ability to collect and analyze information needed locally and to increase the cost-efficiency of producing data for compilation by Federal agencies (e.g., vital statistics, manpower, health facilities); the publication of comparable information for geographic subareas of the country; and the availability of user computer tapes to outside groups for data tabulation to meet a wide range of information needs related to health status and health care.

There are many examples that can be cited of how these circumstances have made it possible to assess the impact of changes in organization and delivery of health care on morbidity and mortality. Most recently the Health Services Research and Development Center at the Johns Hopkins University completed an evaluation of the effectiveness of regionalization of perinatal care and infant mortality in eight areas of the country. The evaluation was based on data obtained from NCHS, State and local health departments for the 10 year period, 1970-79. The key element was availability of timely, uniform statistics on an annual basis for many areas and clearly the continuous efforts of NCHS to promote this status can be credited for this situation.

Reductions in the Federal budget or inadequate reflection of increased costs result in delays in the production of the statistics, decreases in coverage of sample surveys as well as less frequent conduct of such surveys, and inability to maintain technical assistance to States. Consumers of the data have not yet felt these effects because of the time lag. But, they will at an accelerated rate unless future budgets meet the requirements to assure the development of knowledge and information in the health field represented.

I have been addressing NCHS and its role but it is essential that major attention be given to the effect of budget decreases on the Federal agencies that conduct intramural research and support research and evaluation related to health care costs, effectiveness, manpower, management, distribution, availability and accessibility of services. The National Center for Health Services Research (NCHSR), the agency with the longest history in this area, has been hit the hardest in recent years by budget cuts. This has occurred despite the fact that most of the contributions made over a long period of time to our understanding of how alternative health care systems work (e.g., HMOs, hospital OPDs, other fee-for-service settings), the utility of cost containment mechanisms, the methods for assessing quality of care, and now most recently, the factors that influence the economics of care come from research sponsored by this agency. The low level of NCHSR's budget in the past 2-3 years has had a large negative impact on the range of issues being addressed that affect policy and planning.

A reversal of this situation is needed if we are to continue in our country's tradition to seek out objective information that should be considered when new policies are being discussed by Congress and the Administration, and to determine the effect on different segments of our population of changed in Federal-State responsibilities for funding health care and programs. NCHSR is not the only source of the relevant information, NCHS and the Health Care Financing Administration should be making contributions for which they are uniquely suited. However, a reversal in budget appropriations which provides substantial increases to strengthen NCHSR's internal structure and to increase its ability to support research should, in my view, also be given high priority. The questions and problems faced by the Federal and State governments and the many private institutions attempting to find equitable solutions to them are severe and require new knowledge.

Other representations to your subcommittee will deal with the Bureau of Census. I only wish to make the point that many of the health measures, e.g., death rates for local areas, are heavily dependent on population counts. The effect of budget cuts for the Bureau has been to delay the availability of the data from the 1980 Census which, in turn, has impeded determining the extent to which health problems are concentrated in specific areas for program allocations. In fact, the implementation of block grants with States is set back by this delay in obtaining census data. Finally, the decision not to appropriate funds for the mid-decade census will create serious difficulties in determining appropriate distributions of the funds received by the States in the latter half of the 1980 decade.

I appreciate the opportunity to add my comments to those you will receive at the hearings and through correspondence on this subject. I will be glad to expand on any aspect of the points made above if you find this useful.

Sincerely yours,

Sam Shapiro

Sam Shapiro
Director and
Professor
Health Services Administration
School of Hygiene and Public Health

SS:ad

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March 3, 1982

Honorable Robert Garcia, Chairman
Subcommittee on Census and Population
U. S. House of Representatives
Room 1711 Longworth House Office Building
Washington, D. C. 20515

Dear Mr. Garcia:

It is a puzzling inconsistency that the Administration is recommending drastic cuts in federal data acquisition capabilities during a time of severe economic stress when accurate knowledge of pertinent economic and social variables is so important. One might infer that there is a desire to cover up the true state of affairs, as was done not too long ago. I have always reminded my students and public audiences that census and other data acquired by federal and other governmental agencies are the only data which the public can depend upon in evaluating the effects of social, economic and political programs. If a private organization needs such data for its fiscal planning, it can employ private collection agencies to acquire the data; in this case, the public may be denied access to all or part of the data.

In recent years, many of us in the statistical profession have pressured the Census Bureau to improve its procedures to decrease the undercount for some of the strata in our population and to improve procedures to adjust for the undercount where it does occur. There is evidence that some improvement was made for the 1980 census, but more effort should be exerted for future censuses. Many district maps need to be completely redrawn and better procedures instituted for collecting population data in the areas where the suspected undercount occurs. Included in these procedures might be the selection and training of a more permanent cadre of interviewers. I should not neglect the failure to provide funds to conduct mid-decade censuses. With the rapid changes in economic and social conditions, benchmarks based on the decennial census data are inadequate. The Census Bureau and other agencies which utilize these data should be provided sufficient funds to develop a more efficient program of data acquisition. Such a program might include a continuing series of sample surveys, which would utilize a well paid cadre of capable interviewers and supervisors. It is essential that funds be provided for innovative endeavors.

The College of Agriculture is an Equal Opportunity Organization authorized to provide research, educational information and other services only to individuals and institutions that function without regard to race, color, sex, age, handicap or national origin.

Another very important set of data is that acquired by the Energy Information Administration. These are the only data which the public can use in evaluating the status of the nation's energy resources. If the recommended cuts in funding for EIA are approved, the public again may be forced to rely on information supplied by the private sector. Need I say more.

One of the major handicaps to the formulation of efficient procedures to collect and disseminate pertinent data for public use is the failure of our federal government to have a central statistical agency, such as that established in most other countries. Up to 1977 there was a Statistical Policy Division in the Office of Management and Budget. In 1977 that division was transferred to the Department of Commerce as the Office of Statistical Policy. Now I understand that statistical policy making has been transferred back to OMB in an Office of Information and Regulatory Affairs, where it may be lost in a bureaucratic maze. The former Director, Dr. Joseph Duncan, resigned because he could foresee that he would be ineffective in providing a coherent federal statistical policy. As a result, the efforts of the various federal agencies which acquire and disseminate statistical data will become even less coordinated than in the past. Each agency will organize its own pressure groups to support adequate budgets.

This letter cannot be concluded without a plea for Congress and the Administration to provide adequate funds whenever an agency such as the Census Bureau is asked to provide a new set of data. A classic example was the request to provide accurate local data on a continuing basis for Revenue Sharing; the Bureau has never had adequate funds to develop and sustain procedures to provide data which have the degree of accuracy being demanded. Hence it is incomprehensible that the present Administration is recommending reductions in the budgets for those federal agencies which provide the data required for fiscal and social policies.

In summary, there is a need to expand and not reduce the funds needed to acquire reliable data upon which not only the economic and social health of the nation but also its own security depends. How can we expect the federal agencies with decreasing funds to provide accurate measures of the Gross National Product, Consumer Price Index, Crop and Livestock estimates, unemployment statistics (numbers of unemployed and length of unemployment for different socio-economic groups) and needs for Revenue Sharing, Medicaid, Social Security and other aspects of an aging population, not to mention population data required for redistricting of political subdivisions?

Sincerely,

R L Anderson

R. L. Anderson
Assistant to the Dean for
Statistical Services,
President-Elect, American
Statistical Association

cc: K. K. Wallman
W. H. Kruskal
F. C. Leone

UNIVERSITY OF MARYLAND
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DEPARTMENT OF ECONOMICS

RECEIVED
1982 FEB 23 PM 8:56
OFFICE OF ROBERT GARCIA, M.C.
WASHINGTON, D.C.

February 19, 1982

Representative Robert Garcia
House of Representatives
Wasington, D.C. 20515

Dear Representative Garcia:

This is in response to your letter asking for testimony on the effect of a reduction in resources for Federal statistical programs.

I enclose an example of the use of a vital series - labor turnover - which is being discontinued. These cuts come at a time when our economic difficulties suggest we need more data and research rather than less.

Very truly yours,

Barbara R. Bergmann
Professor of Economics

Enclosure
BRB:nlw

THE NEW YORK TIMES, SUNDAY, FEBRUARY 7, 1982

Forum

ECONOMIC AFFAIRS / Barbara Bergmann

Here Is Why You Lost Your Job

DEAR JOE:

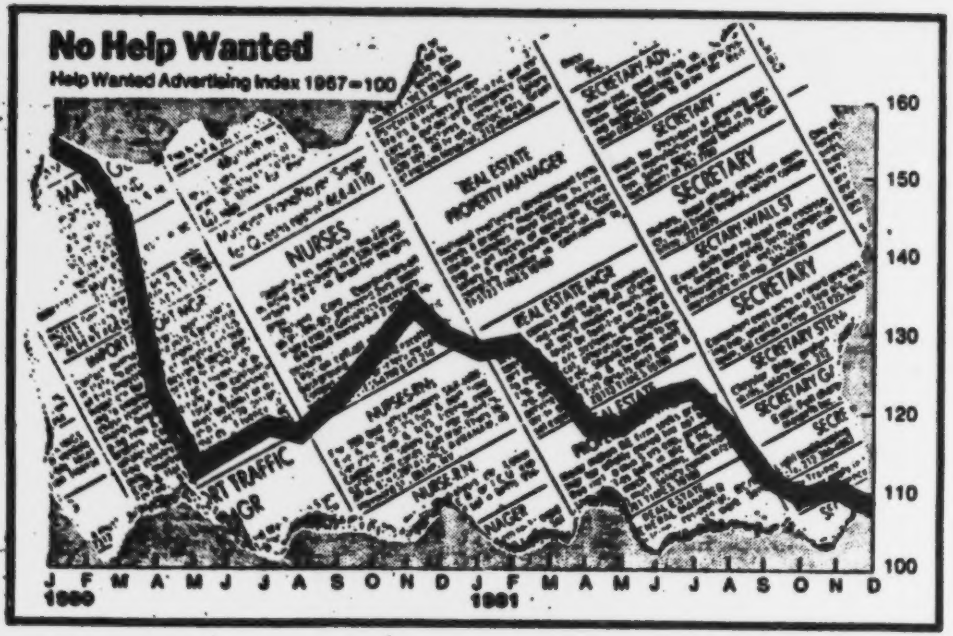
I was sorry to hear that you had lost your job. If it is any comfort, you may think of yourself as a foot soldier, wounded in our country's battle against inflation.

The Administration and the Federal Reserve, whose tight money policy helped to put you where you are, are counting on your plight to serve as a scary example to business and to labor so that they will go easy in raising wages and prices.

Furthermore, the Fed knows that in your present situation you are going to spend less in the stores, and that will also put the screws to the business community. It may also increase the number of people laid off.

I am afraid that I cannot refrain from reminding you that you were pretty loud in your complaints against inflation in the last few years. In fact, it was loud complaints like yours that nerved up the Fed to reduce the money supply growth and bring on the recession.

Of course, everybody was complaining against inflation, you may well say. Well, I am sure that it has struck you by now that the solution to the inflation problem we have backed into does not spread the misery at all evenly. You are suffering for the benefit of the rest of us.



No Help Wanted

Help Wanted Advertising Index 1967=100

The Reagan Administration is taking credit for the reduction in the rate of inflation. On the other hand, the President's State of the Union address had remarkably little about you unemployed people, and he certainly didn't mention that your sacrifices are bringing inflation down for all of us.

To add insult to injury, the President has even implied that much of the unemployment is caused by your bad behavior and low qualifications.

Exhibit A in this regard is the want ad section of the daily newspaper, which the President brought up in his last news conference. This section of the paper appears every day, even in Detroit, so it is always available as a good prop.

The existence of this section is supposed to show first of all that there are plenty of jobs, and second, that the unemployed are too lazy or too unskilled or too demanding to take advantage of all those vacant jobs.

Brandishing the want ad section to show that there are plenty of jobs amounts to confusing the total number of jobs in the country with the flow into and out of jobs, which is called labor turnover.

Even in periods when the number of jobs is low and falling, people are hired to replace employees who quit or retire or die or have been fired for unsatisfactory performance. It is these jobs that evidence themselves in the ever-present want ads.

The data on labor turnover for manufacturing industries show that new hires run about 2 percent of total employment per month. If turnover in manufacturing is at all typical of turnover in the rest of American industry, it means that in a typical year there are about 25 million new hires.

You may take some comfort from that figure, but not too much. A 2 percent monthly turnover rate combined with a 9 percent unemployment rate works out to an average of four and a half months out of work for the people who lose their jobs.

Incidentally, Joe, information on turnover will no longer be available. You guessed it: The Bureau of Labor Statistics has had its budget cut.

Taking the fact that some businesses are hiring as evidence of the existence of an adequate number of jobs is the same thing as confusing the flow of water in and out of a swimming pool with the level of the water in the pool. We may see the water coming into the pool at a brisk rate, but if the flow in is matched by a flow out, and the level stays knee-deep, the swimming is not going to be very good.

AFTER the President had brandished the want ads he proceeded on schedule to the denigration of the employability of the unemployed, particularly the black unemployed, who now amount to 17 percent of the black labor force. The simple fact is, of course, that the majority of these people were actually employed a few weeks ago.

Moreover, the black unemployment rate always recedes more rapidly than the white unemployment rate whenever the economic climate improves. Certainly some of the employed could benefit from job training. However, running down their qualifications is done with poor grace by a President who has just slashed job training programs to the bone.

Let me close by assuring you that what has happened to you was by no means inevitable. We could have chosen to live with the inflation somewhat longer, and wind it down more slowly, at a much lower cost in lost jobs and lost output. Or else we could have chosen to fight inflation by means that shared the burden more widely, by imposing wage controls, for example.

If the recession deepens significantly or lasts beyond next summer, the country may force the Administration to turn in that direction. In the meantime, you can expect to spend a lot of time in your local unemployment office. The lines will be longer and the service worse than usual because the staff has been cut. But there is a cheerful side. You'll meet some great people down there, just like yourself.

Very truly yours. ■

Barbara R. Bergman is a professor of economics at the University of Maryland and one of a panel of four economists appearing regularly in the Sunday Business Section.

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Statement of
Dr. Jerome M. Clubb
to the
Subcommittee on Census and Population
of the Committee on Post Office and Civil Service
U.S. House of Representatives
March 5, 1982

My current positions are Executive Director of the Inter-university Consortium for Political and Social Research, Program Director in the Center for Political Studies of the Institute for Social Research, and Professor of History at The University of Michigan.

Through these positions, and particularly through the role of Executive Director of the Consortium, I have had an opportunity to observe both at first hand and indirectly the central importance of federally collected data series for basic and applied research into social processes, for monitoring social processes, for identifying national needs, and for planning, implementing and evaluating social programs. The Consortium includes as members some 200 colleges and universities in the United States and approximately fifty member colleges and universities in a dozen other nations. The Consortium functions as a repository and dissemination service for basic data for social research originally obtained from various sources including the data collection agencies of the federal government. In addition, the Consortium provides a variety of services to governments and agencies at the state and local levels and to organizations in the private sector for purposes of planning, needs assessment, and program formation and evaluation which also involve federally produced data. Thus the Consortium constitutes a useful vantage point for assessing the importance of federally provided statistical data and federal data programs from the standpoint of national research goals and in relation to national needs.

From this vantage point it is obvious that the United States has developed a data collection and dissemination apparatus that is of unparalleled excellence. The capacity of the United States to assess social needs, to monitor social change, to identify social problems, to identify means to improve national productivity, to conduct basic and applied research into social economic and political processes, and to develop sound approaches to meeting national needs is unequalled by the other nations of the world. In no small measure, these capacities are a reflection of the excellence of the federal data collection and dissemination apparatus. Indeed, that apparatus constitutes a model for the advanced and developing nations of the world. That dismantling of that apparatus should even be contemplated particularly at a time of grievous social and economic crisis when firm and well-organized knowledge of the nature of society and its problems is sorely needed verges on the unthinkable.

And dismantling would be the consequence of the budget reductions proposed for federal data collection programs. Vital statistical series would be terminated and thereby capacity to monitor social change, to identify both needed and wasteful programs, and to diagnose actual national needs on an empirical rather than a speculative basis would be lost. The result could only be waste and loss of capacity to serve the well being of the nation. Many of these data collection and dissemination programs have been carefully built up over many years, resulting in substantial statistical series. Their value is based in good part on their longitudinal dimension. Plans to eliminate some series and to reduce the frequency of data collection in others will devalue the past investment in the data and reduce their current utility. These reductions would similarly mean loss of capacity to aid state and local governments and agencies in planning and program administration. The consequence could only be further waste. At the same time, budget reductions of the magnitude proposed would signal to the other nations of the world the indifference of the United States to the value of empirical and scientific approaches to restoring national productivity and to meeting social needs.

The importance of federally produced data for college and university based applied and basic social research is clearly demonstrated by the experience of the Consortium. For these purposes, the Censuses of Population and Housing the United States constitute the single most important data source. The Censuses, however, occur only decennially and the various interim data collection activities, such as the Current Population Surveys, constitute necessary additional resources for finer grade and more detailed examination of social processes. For these same purposes, and to meet more specialized basic and applied research goals, the data products of various other federal agencies--including the Departments of Health and Human Services and Justice are also of signal importance. These values are demonstrated in concrete ways by the Consortium experience. During the past eighteen months, the Consortium supplied 868 copies of federally produced computer-readable data to 140 colleges and universities, research institutes and government agencies for use by individual researchers. Consortium records show that these data were employed in research in all of the disciplines of the social sciences from anthropology through psychology, sociology and including such specialized areas as public health, demography, epidemiology, law, crime, criminal justice, aging, and education.

Levels of use of federal data by university-based researchers have increased over time. More social scientists are aware of their existence, support for research which includes other independent forms of data collection has declined, and the quality and timeliness of these data collections has improved. Thus it is particularly discouraging that reductions in data collection programs are being contemplated just as demand is increasing.

The fact that proposed budget reductions would work to terminate vital statistical series is, of course, only part of the problem. The proposed reductions would also seriously hinder the capacity of federal data collection agencies to disseminate and provide access to data in usable form. Such a development would be particularly detrimental to agencies and governments at the state and local levels.

Through the years, substantial effort has been devoted to encouraging use of basic data at the state and local levels for purposes of planning, needs assessment and program evaluation. This has been a significant effort because much more useful data, available in greater analytical detail, are available from computer-readable records than in regular series of published reports. At these lower levels of government, however, computer and analytic capabilities and expertise required to effectively employ federally produced data in their more complex computer-readable form are often lacking. For agencies and governments at these levels, special tabulations, published data and other forms of assistance are required if data are to be used. Thus termination or serious reduction of the data access and use programs of federal agencies would have detrimental consequence. In many cases they would probably mean discontinuation or reduction of use of data for purposes of state and local government and administration. The consequence would be not savings for the public but waste of tax revenue because faulty and inadequately based decisions.

From virtually any perspective, the proposed reductions in the budgets of federal statistical agencies appear ill-advised. The savings to be realized are small indeed in comparison to the expenditures of numerous other federal agencies. The costs, however, would be great and by no means commensurate with the savings realized. These costs would come in diminished effectiveness of governmental programs at all levels, in prepetuation of unneeded programs and failure to devise and implement needed programs, in loss of critical applied and basic research, in failure to take effective steps to restore national productivity, and they would result in increased waste of the taxpayer's money at all levels of government.

Most would agree that reduction of the expenditures of the federal government is needed. Few would agree, however, that reductions should come at the cost of ineffective government, reduced capacity to identify and meet national needs, and increased governmental waste. I urge, therefore, that the proposed reductions for federal statistical agencies be carefully considered in the light of the vital services for the nation and society which these agencies perform. Such consideration, I am convinced, would demonstrate that the broadaxe approach that is proposed could not be beneficial to the nation and its society.

ISR

SURVEY RESEARCH CENTER / INSTITUTE FOR SOCIAL RESEARCH
/ THE UNIVERSITY OF MICHIGAN / ANN ARBOR, MICHIGAN 48106
P.O. Box 1248

9 March 1982

The Honorable Robert Garcia, Chair
Subcommittee on Census and Population
Longworth House Building, Room 1711
Washington D. C. 20515

Dear Congressman Garcia,

We are much concerned here about the effects that recent budget reductions will have on the utility and quality of Federal Statistics. The United States has had statistics ever since we pioneered under the leadership of Thomas Jefferson, but we cannot rest on our laurels. Countries as diverse as Canada, Australia, Sweden, Hungary and Spain probably make greater efforts per capita than we do. What is more important, we are falling behind our needs that have increased because of the increased pace of mobility, change and innovations, and also because of the greater interdependence of peoples, areas and of industries. Modern society and industry is increasingly interdependent, intertwined related, and we need to know the effects of our actions on others and of theirs on us.

You and I and Dr. Melnick were involved in 1981 in producing "Using Cumulated Rolling Samples" to get current data continuously for less than the Census of 1985 ("mandated" by Congress) would have cost. Now we may have neither and the USA will suffer for that. We were also involved in the 1980 "Conference on the Census Undercount." With great effort, skill and tact the Census managed against great obstacles to reduce the undercount. Will the technical staff of the U.S. Census Bureau and other statistical agencies be dismantled by drastic cuts? Such dismantling would be against the teachings of our former director, Dr. Rensis Likert, who pioneered in the idea of the financial as well as human value of the human capital represented in a technical staff. Must we reimport these American ideas from the Japanese?

Incidentally, some of our woes in the fields of automobiles and of energy could have been lessened with more and better social and economic statistics.

Sincerely yours,

Leslie Kish
Professor and Research Scientist Emeritus
Former President, American Statistical Association
Former Chair of Census Advisory Committee

LK:km

ISR

SURVEY RESEARCH CENTER / INSTITUTE FOR SOCIAL RESEARCH

THE UNIVERSITY OF MICHIGAN / ANN ARBOR, MICHIGAN 48106
P.O. Box 1248
9 March 1982

The Honorable Robert Garcia
Chairman, House Subcommittee on Census and Population
Room 1711
Longworth House Office Building
Washington, D.C. 20515

Dear Mr. Garcia:

The delays in the release of 1980 census data and the curtailment of publication programs adversely affect social research that depends heavily on census materials for planning and designing research to be conducted during the 1980's. The mounting costs of decennial censuses combined with the current unsatisfactory outcomes suggest that planning for 1990 should begin now if a repetition of the 1980 experience is to be avoided.

The Congressional Research Service, the Census Bureau, the American Statistical Association, the Institute for Social Research and other research organizations can offer position papers and consultation on decennial census redesigns. Who but the Subcommittee on Census and Population is to provide the necessary leadership? A small proportion of the FY'83 budget invested in planning could lead to large dividends by 1990.

Respectfully yours,

Irene Hess

Irene Hess
Sampling Section
Survey Research Center

IH/idp

SURVEY RESEARCH CENTER / INSTITUTE FOR SOCIAL RESEARCH

/ THE UNIVERSITY OF MICHIGAN / ANN ARBOR, MICHIGAN 48106

10 March 1982

The Honorable Robert Garcia
Chairman,
House Subcommittee on Census and Population
Room 1711
Longworth House Office Building
Washington, D.C. 20515

Dear Sir:

As Head of Sampling Section at the Survey Research Center, I am able to identify several areas where our particular work has been affected by actual and planned reductions in Federal statistical programs. On a day to day basis, the staff of the Sampling Section are involved in the selection of probability samples for social science research projects, biomedical and epidemiological studies, and occasionally for investigations in the physical and natural sciences. In the selection of samples for these research projects we are heavily dependent on high quality sources of data on the populations being investigated. Without question, the statistical efficiency of our research designs is directly related to the amount and quality of population data available in the planning stages of the design.

Since a considerable portion of research conducted by the Survey Research Center focuses on the United States' household population, Bureau of Census data are used extensively in the design, development, and evaluation of study samples. As you are aware, budget constraints at the Bureau have delayed the release of most data series from the 1980 Census. In other cases, decisions have been made to release data only on microfiche or magnetic tape files. The combined effect of the delays and restrictions on the publication of Census data is a growing inefficiency in our day to day work. As a fairly large research organization, we have the capability--computer hardware, programmers, and clerical staff--to work around many of the obstacles posed by the changes in Bureau of Census programs; however, smaller organizations and private individuals will find it extremely difficult to gain full access to all the available data. Local distribution centers and private firms such as DUAL Labs can be of assistance but the processing and user fees may be substantial.

Another major concern is the ability of the federal government to retain the skilled professional and technical personnel required to manage these large statistical programs. Faced with continual cutbacks which restrict the scope and quality of work which they can accomplish, many of these personnel will opt to leave federal employment.

In my relatively short career as a statistician, I have developed a high level of respect for the Federal statistical system and the people who created it and currently staff it. If reductions are needed, I would hope that they can be accomplished without damaging the quality and integrity of the federal statistical system.

Sincerely,

Steven G. Heeringa

Steven G. Heeringa
Head, Sampling Section

INSTITUTE FOR SOCIAL RESEARCH /
THE UNIVERSITY OF MICHIGAN / ANN ARBOR, MICHIGAN 48106

March 10, 1982

The Honorable Robert Garcia
1711 Longworth House Office Building
Washington, D.C. 20515

Dear Mr. Garcia:

I am writing to express my concern over the impact of the prospective cuts in the FY 1983 budget on the federal statistical system. As you know, the recommended cuts will have significant impact on organizations like the U.S. Bureau of the Census, the Bureau of Labor Statistics, the National Center for Education Statistics, the Energy Information Administration (on whose American Statistical Association Advisory Committee I sit), on the Bureau of Justice Statistics, and on the National Center for Health Statistics.

It is very difficult to say what represents a sensible program of budget reductions which have the minimum substantive impact on the quality of national statistical information. As a generalization, statistical information is relatively inexpensive compared to the various operating programs in the different agencies. Since cutting information often seems less damaging than cutting benefits to members of the population, a tight budget environment is unfortunately one in which a good deal of basic information-oriented activities are seen to be easy targets.

That seems to me precisely the wrong strategy. In the U.S we are now undergoing a period of significant change in the thrust of social and economic policy. It is important from the standpoint of both the Administration and the Congress to understand the consequences of those policy changes. But it is not possible to do that if we cut back on the statistical information base.

An important aspect of the cutbacks, as can be seen from looking at the detailed list of Census Bureau programs that cannot be sustained with recommended FY 1983 funding, revolves around the question of information for subnational areas. Part of the Administration's policy thrust is to push significant responsibilities for programs back onto states, and presumably also onto local units. That may or may not be desirable public policy, but in any event one needs to know the impacts of that transfer of functions both on the state and local governmental units and on the populations that they serve. Changes of that sort requires more, not less, information relating to subnational populations, and it is my impression that Census programs designed to deal with subnational units are being cut back severely as a way to accommodate the budget reduction.

I hope these comments will be helpful to you and your committee.

Sincerely,

F Thomas Juster

F. Thomas Juster
Director

March 9, 1982

Congressman Robert Garcia
Chairman, Census and Population Subcommittee
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Garcia:

This letter is written in response to your request for written testimony on the use of Federal Statistics and the potential impacts of reduction in data collection budgets. I focus in this letter on the role of the U.S. Census Bureau in basic data collection.

I am a senior study director at the Survey Research Center of the University of Michigan. My research is focused on the construction of efficient survey designs, especially those involving telephone interviewing.

The chief source of information that I need on the household population is the U.S. Census Bureau. These basic data sources involve the age, sex, education, and income distribution of the U.S. population. These data are useful for postsurvey adjustments of surveys that we do, which would be subject to larger than desired sampling or nonresponse errors without the adjustments to Census data. We have no alternative source for these data because no commercial or academic organization can mount a survey large enough and have access to other data sources to produce the equivalent information. Even if those obstacles were overcome, no private or academic organization could obtain the levels of public cooperation that Census Bureau surveys do. The lower response rates of commercial and academic organizations, indeed, creates the need for the Census Bureau data for adjustments.

Despite being a member of an academic research institute that would profit from the transfer of data collection responsibilities from the Census Bureau to nongovernmental organizations, I believe strongly that such a move would seriously damage the integrity of basic data sources which monitor the status of U.S. society.

Sincerely,

Robert M Groves

Robert M. Groves
Senior Study Director
Survey Research Center

RMG/ss

THE POPULATION STUDIES CENTER
OF THE UNIVERSITY OF MICHIGAN

March 3, 1982

The Honorable Robert Garcia
United States House of Representatives
Room 1711
Longworth House Office Building
Washington, D. C. 20515

Dear Mr. Garcia,

I am pleased to learn that you will hold hearings on March 16 concerning the budget for the Bureau of the Census. Last year I chaired the Census Advisory Committee on Population Statistics and, in my work as a demographer, I have become quite familiar with activities at the Bureau.

Within the last year, federal budgetary decisions led to several adverse changes at the Bureau of the Census. These are likely to limit our knowledge of social and economic trends. There are, I believe, three major areas of concern.

First, there have been delays in the release of data and reductions in both the collection and tabulation of data. Some reports from the Census of 1980 became available very promptly but there has been a delay in the release of other reports. In some cases, these reports will be issued six months to a year later than comparable reports from the Census of 1970.

At present I am a member of a National Committee for Research on the 1980 Census. Funds have been raised from private foundations to commission a series of studies analyzing major social and economic trends. We intended to issue these in a timely fashion so that policy decisions would be informed by findings from the Census of 1980 regarding such issues as unemployment, economic growth, migration trends or racial and ethnic differences. It now seems probable that it will be toward the middle - or even late in this decade - before these studies are finished.

Delays at the Census Bureau also involve the specialized studies done in conjunction with the monthly Current Population Survey. One of the most comprehensive investigations of the racial and ethnic composition of the nation was conducted in the November, 1979 survey. This asked many questions about a person's place of birth, his or her parents' place of birth, ancestry and the use of languages other than Englich. This survey may be more useful than the decennial census for estimating the size of the Spanish origin population since it included so many questions about ancestry and language use.

In the past, the Census Bureau has been prompt in releasing information from its monthly surveys. However, it is now the spring of 1982 and not even a preliminary report from the November, 1979 survey is available. Second, budget constraints may make it difficult or impossible for the Bureau to do the work necessary to update the nation's statistical system. The Census Bureau has traditionally played an important role in this by introducing experimental questions and developing new statistical methods. There are three areas where developmental work is especially needed at this time. One involves income, wealth and poverty. Census surveys provide excellent information about who receives what amount of wage and salary income. They provide less satisfactory information about unearned income, transfer payments and capital gains. The Census surveys are extremely useful for determining who is impoverished in a given year. They do not, on the other hand, tell us whether poor people tend to remain poor for long periods of time or whether people typically move into and out of poverty quite frequently. Current studies provide only a little information about whether welfare benefits and other transfer payments keep people above the poverty line.

Several years ago, the Bureau initiated a Survey of Income and Program Participation which was designed to explore these issues. Quite likely it would eventually lead to changes in the way the Bureau gathered data about income, wealth and poverty. This program has now been terminated. It seem particularly inappropriate to cancel it at this time since basic changes are being made in federal support for programs which benefit low-income families.

Another area in which experiemntal work is needed involves racial or ethnic identity. In the Census of 1980 approximately seven million people said they were neither white nor black nor Indian nor Asian but rather were members of another race. On a subsequent question many of these people indicated they were of Spanish origin.

Quite likely questions about equity and affirmative action will be asked as frequently in the future as they are now. The country may become more diverse as international migration continues and as a large share of people retain their traditional languages and cultures. The decennial census and Census Bureau surveys will be primary sources of information about the composition of the population and the economic status of all groups. It will not be easy to determine the best and most efficient way to ask large samples about their identity. For that reason, experiment work should be done at this time. I am afraid that such work is not being done.

Another area in which investigations should be conducted deals with estimating population in local areas between the decennial censuses. The Census Bureau has been the leader in developing techniques for estimating and projecting populations. This topic is particularly important at this time since a decision has been made to omit the census planned for 1985. It is my impression that budgetary decisions will limit the Bureau's ability to develop better methods for estimating or projecting populations of local areas.

Third, there are important personnel issues at the Bureau of the Census. Over the years the Bureau has been fortunate in having a very talented staff. Many of the nation's leading statisticians and demographers spent their careers there. In the last decade, however, numerous senior staff members reached retirement age. For example, four people who served as president of the Population Association of America completed their service at the Bureau within the last decade. At the same time, the Bureau successfully recruited a good number of highly qualified young statisticians and demographers. There was hope that these young people would eventually move into senior positions at the Bureau. Within the last months there have been substantial personnel reductions at the Bureau and these have operated pretty much along seniority lines. As a result, many of the younger people who well prepared to help update the statistical system were terminated.

Apparently four to five hundred staff members at the Bureau will be terminated in the first three months of this year. Presumably upwards of another eight hundred will be reassigned to different jobs. I have been told that all of those who remain on the Bureau's payroll will be assigned a ten percent cut in pay and work for the next four months. It seems likely that these personnel changes will reduce productivity and delay the release of information about current social and economic trends.

I appreciate your interests in these matters. If I may provide any additional information, I would be pleased to do so.

Sincerely,

Reynolds Farley

Reynolds Farley
Research Scientist and
Professor of Sociology

THE UNIVERSITY OF NORTH CAROLINA
AT
CHAPEL HILL

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Chapel Hill, N.C. 27514-6201

February 15, 1982

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Honorable Robert Garcia
House of Representatives
Chairman, Subcommittee on
Census and Population
Post Office and Civil Service Committee
223 Cannon House Office Building
Washington, D. C. 20515

Dear Mr. Garcia:

This is being written in connection with your Subcommittee's plans to hold hearings on March 4, 1982 on "The Impact of Reductions in Federal Budgets on the Quality and Utility of Federal Statistics".

The timing of the hearings is most unfortunate for me because I had planned to attend in order to present testimony. I regret my inability to appear in person because of the critical importance of this subject to my interests in public health and I hope that this letter can be substituted for direct testimony.

First, I should like to identify myself and indicate why the subject is so vital to me. My present position is Dean of the School of Public Health, University of North Carolina, which carries a strong responsibility in all aspects of health, and in the following paragraph I shall outline why good public health requires a sound health information system. I am a biostatistician by training and experience and started my professional career in 1940 working for the Bureau of the Census in connection with the decennial census. I have worked in a state health department (the great State of New York) and have taught here for 35 years. During my period of service in North Carolina, I have served on innumerable national advisory committees for the National Center for Health Statistics (and its predecessor, the National Office of Vital Statistics), the National Academy of Sciences (particularly on one committee dealing with the federal statistical system), and was for several years a member of the U.S. National Committee on Vital and Health Statistics. I am a member of the National Academy of Sciences through the Institute of Medicine and the Assembly of Life Sciences.

My training and experience have convinced me that any social or political activity involving health requires a sound and modern system of collecting, analyzing, and interpreting health information. In business, no commercial operation could be carried out today without a reliable system of bookkeeping and accounting. The system of accounts must be able to measure accurately the cost of materials and labor, to determine sales for comparison with previous periods and the industry as a whole, to forecast future sales potential, and to measure specific gains contributed overall to the corporation by individual products and components of the company. There is a direct parallel between each of these activities with what a health information system can do for a program of health prevention and care. The federal government as well as the states have relied upon the sound health information system that required decades to develop and that is now being threatened by the sweeping, across-the-board reductions in funding for the federal portion as well as support for the underlying and necessary infrastructure.

Let me cite one example of cost cutting that is of great concern to the health community, namely the elimination of funds to plan for and conduct a mid-decade census. Over 200 years ago, our founding fathers recognized the need for accurate population statistics every 10 years and provided for it in the Constitution. Authorization for a mid-decade census was the culmination of over twenty years of effort to improve the availability of accurate population data made necessary by the increased mobility of the U.S. population. If the trend continues of having one-fifth of households moving every year (latest figure was 18% because of industrial slow-down), the chances that any specific family will be living in the same house after ten years is less than 10%! Entitlement programs that allocate federal funds to states based upon population size or its characteristics will be considerably off base within five years after the decennial census. Unfortunately, so will many health indexes and rates which require a population count for the denominator or for health planning.

As a second example, we are now undergoing a radical national experiment of changing the funding of health programs from a federal allocation on a categorical basis to state assumption of these programs under block grants. It is essential that we measure the impact of the change in funding either because the amounts are being reduced or because the responsibility is being turned over to the states, or both. As a result of cutbacks in funds for the National Center for Health Statistics, the information from survey results will be reduced in detail and require longer periods of time to process. Even our vital statistics on such basic measures as infant mortality will be affected by the reduction in funding to NCHS.

Another casualty resulting from the cutbacks to the NCHS is the inability to continue to collect data on medical care expenditures, use of health services and related topics. This and the loss of funding to operate fully the National Center for Health Services Research will affect our ability to plan a rational health policy.

All of these changes are occurring at a period of rapid social change during which time we need more data on a timely basis rather than less on a delayed basis. Gathering statistics for the nation is in many ways no different than most other governmental functions including defense. If a well structured system like our vital statistics system is allowed to deteriorate and fall into disuse, it will cost several times more in the future to resurrect it. In the meantime, opportunities will be lost and no amount of money can restore deaths that might have been prevented.

Mortality statistics classified by cause of death are our most basic health indicator. They are used at the local, state, and national level, To make this system of basic vital statistics registration workable, the federal government must have the resources to work with states in standardizing and defining terms, designing uniform procedures of collection and coding, designating minimum data sets, and many other activities that make possible the pooling of data on a national basis.

I could go on citing instances where federal reductions in funding are a false economy if we plan to maintain the advantages of a sound health information system.

I think it is appropriate on this day, the legal holiday for George Washington's birthday, to cite what the Father of our Country had to say about statistical systems. His statement was prompted by a Statistical Account of Scotland in 1791 conducted by Sir John Sinclair in which the latter used a schedule or questionnaire of nearly 200 questions. (200 questions is to counter those who complain that our census is asking too many questions.) In a letter dated March 15, 1793, President Washington wrote to Sir John as follows:

> "I cannot but express myself highly pleased with the undertaking in which you are engaged (that of drawing up the Statistical Account of Scotland), and give my best wishes for its success. I am full persuaded, that when enlightened men, will take the trouble to examine so minutely into the state of society, as your inquiries seem to go, it must result in greatly ameliorating the condition of the people, promoting the interests of civil society, and the happiness of mankind at large. These are objects truly worthy the attention of a great mind and every friend of the human race, must readily lend his aid towards their accomplishment." (Reference: The American Statistician, October 1948, Vol. 2, 5, page 9).

Would that our President and his advisers in 1982 had so enlightened a view of the need for Statistical Accounts! Please lend your hand to the task of helping the Congress to overcome the shortsightedness of the President's recommended budget.

Sincerely,

Bernard G. Greenberg

B. G. Greenberg
Dean

BGG:dl

Statement of Ann R. Miller, Professor of Sociology
Population Studies Center, University of Pennsylvania

This statement is concerned with three aspects of the Census Bureau's activities that are particularly vital in my view: (1) publication of the 1980 Census results; (2) research related to the quality of statistical data and to current population estimates; and (3) revision of Current Population Survey series and redesign of the Current Population Survey sample. Many additional facets of the Federal statistical program, both in the Census Bureau and in other statistical agencies, are also extremely important, however, and I hope they will be covered by others.

Publication of the 1980 Census results: it is my understanding that publication of the detailed census tabulations for states - the so-called Series D volumes available in previous censuses - will be cancelled under present budget restrictions and that many of the Volume II Subject Reports, dealing with major social and economic topics, may not even be tabulated. These data are essential to understanding the social and economic trends taking place in the country and the differential impact of such trends on specific geographic and political areas. As the Wall Street Journal has recently noted, the user community is already seriously disturbed by the publication delays caused by inadequate budget appropriations; when the extent of planned cancellations is realized the outcry will be deafening.

In order to give some idea of how dependent we are on the decennial Census, let me mention a very few of the myriad questions to which only the Census can provide answers:

No other source exists for determining whether racial and ethnic groups continue to be highly concentrated in certain places or whether there has been a move towards dispersal. Within the focus of my own particular interests - migration and labor force data - is there evidence that those who have relocated have improved their situation by entering more skilled and expanding occupations? Are their housing conditions better, their incomes improved?

To what extent is the movement out of the North a migration of the more advantaged population while the disadvantaged have remained behind? Much has been written on this topic but it must remain speculative and anecdotal until we have the Census publications that present the statistics for analysis. Simple population counts for the cities, metropolitan areas, towns and villages tell us nothing about the nature of the population shifts that occurred over the decade 1970-1980.

A particularly notable recent development is what has been called "de-metropolitanization" - that is, the apparent movement of population out of the country's large urban agglomerations: some of this movement has been to previously sparsely settled areas. Are new urban settlements developing? What is the economic base supporting these populations?

Nationally, the increased participation of women in the labor force has been one of the most dramatic changes of the recent period. Has this occurred throughout the country or is it concentrated in those places where "women's work" industries are concentrated?

It has been suggested that persons who leave a given area in search of greater opportunity may return if the economic situation improves. How much of the recent growth of population in certain areas of the South consists of such return moves?

Research on survey procedures, on data evaluation, and on methodological and substantive topics: A second area of concern is continuation of research activities at the Bureau. The Bureau has had for many years a highly distinguished group of professionals working on the problems of Census and survey procedures and the evaluation of results. Its pioneering efforts in these directions have made it a model for many other countries and the advice of its staff is sought throughout the world. Any diminution of these activities would undoubtedly result in lower quality.

In addition to its technical research the Bureau has been in the forefront of much substantive and methodological analysis. To mention only one aspect, the preparation of current population estimates for subnational areas, so vital to the policy interests of local areas, has been the subject of increasing attention over the last two decades. As the 1980 Census results revealed, much work is still needed on this subject; only the Bureau's staff is in a position to provide the leadership and coordination that a realistic program to improve current population estimates requires.

Adjustment of Current Population Survey series to the 1980 Census counts and redesign of the Current Population Survey Sample: The Current Population Survey, which provides us with current statistics on many aspects of the nation's labor force, including occupation and industry, household and individual income, and on other social trends, relies for its population base on the current estimates program discussed above. Time series of these trends, some of which go back over 30 years, have been disrupted by the unexpected high population count yielded by the 1980 Census enumeration. These series require adjustment for the 1970-80 decade to accommodate to the findings of the 1980 Census.

The sample on which the Current Population Survey is based has always been redesigned shortly after each Census in order to take account of the Census results. As I understand it, budget constraints may force postponement of this for several years. If that occurs, there may be a serious deterioration in the quality of Current Population Survey data.

I close this statement by noting again how completely dependent we are on the Census and on the Current Population Survey for knowledge about the well-being of, and the problems faced by, the people of this country. Adequate financing to enable the Bureau to update its equipment and to continue its remarkable tradition of high quality performance is certainly the soundest of investments.

Thank you for giving me the opportunity to make this statement.

Princeton University
WOODROW WILSON SCHOOL
OF PUBLIC AND INTERNATIONAL AFFAIRS
PRINCETON, NEW JERSEY 08544

RECEIVED
1982 MAR 11 PM 3:17
OFFICE OF [illegible] GARCIA, M.C.
WASHINGTON, D.C.

March 5, 1982

The Honorable Robert Garcia, Chairman
House Subcommittee on Census and Population
House of Representatives
Congress of the United States
Room 1711, Longworth House Office Building
Washington, D.C. 20515

MAR 12 1982

Dear Representative Garcia:

As Chairman of the House Subcommittee on Census and Population, you have expressed an interest in hearing from individuals who anticipate problems from statistical program reductions. While I am not fully apprised of the existing and planned reductions, I suspect that I will be affected, and that many will share the concerns I express.

I plan extensive research with the 1980 census to complement my work with data from earlier censuses. The decennial census has two unique features: (1) it provides a great deal of information about small geographic areas, and (2) it provides information about relatively uncommon groups in the population. My particular research, the demographic analysis of neighborhoods, is possible only with the rich detail of the census. To carry out my proposed analysis, I will need tabulations of demographic (race and age), social (occupation, mobility, income, nativity), and housing (tenure, rent, vacancy) for all census tracts, i.e., neighborhoods, in several metropolitan areas. Many of these characteristics are available in several levels of tabular detail. Elimination of the most refined of these will jeopardize the potential contribution of the research.

The most damaging aspect of existing and proposed restrictions is the delay in the tabulation and distribution of the data. The currency of scientific research is sacrificed. More important, the delay results in a waste of resources, as the professional community repeatedly postpones commencement of research.

The scientific value of the decennial census and related federal statistical programs is vitally important and should not be compromised. While it is clear that there is some room for reduction, it is also true that the decennial census is the linchpin of the Nation's population and housing information program. It is the only source of detailed information about the population of local areas. What is warranted, then, is a careful canvass of the research community to determine (1) the uses to which the census will be put, and (2) the most cost-effective way to cut back when reductions are inescapable. Wholesale and arbitrary reduction of information is not a justifiable response to budgetary strictures.

Sincerely yours,

Michael J. White

Michael J. White
Assistant Professor of Sociology
and Public Affairs

MJW:ack

Princeton University COMPUTER CENTER
87 PROSPECT AVE.
PRINCETON, NEW JERSEY 08544 609-452-6000

Multiple Uses of Federal Statistics

Judith S. Rowe
Princeton University

Walk into a library, pick up a newspaper, look at the sales of Statistical Abstract and you begin to get a sense of the secondary and tertiary uses of federal statistics. No doubt a substantial amount of the use of federal statistical information is by professional researchers and planners in large government agencies, major corporations, and academic institutions, but perhaps an equal or greater amount of use is by millions of users who may not even know the source of the data they use.

In local public libraries, or in business libraries, at major government documents centers at state libraries or at large research universities, many users each day seek the answers to a wide variety of questions ranging from information about their local neighborhoods to information about U.S. trade with countries in Asia or Africa; from information about age and income to information about schools or industries. In some cases the answers to their questions are found in a single general reference book which includes statistics produced by many federal agencies; in other cases it is necessary for them to use government-produced computer tapes containing either aggregate or microdata not available in printed form and in still other cases they must consult numerous statistical sources. For most of these people answers to their questions are only available because the data they need were part of a larger federal data collection effort which resulted in the production of printed tables, computer tapes and composite indices.

One sample cross-section of federal data uses is a list of data requests serviced in recent weeks by the Princeton-Rutgers Census Data Project. In all likelihood any library, even a small one, could produce a far longer and more varied list for the same time period.

1) Information on the elderly black poor in New Jersey and their use of county facilities for the elderly (local writer)

2) NYC census tract data from STF 1 for the NY Times

3) MCD data from STF 1 for state university library administration

4) Annual median income data from 1971-81 for several age-occupation groups using Annual Demographic Files (leading economist studying education and income)

5) Age data from STF 1 for 2 local public school systems to use for projections.

6) Data for selected industries from Census of Manufacturing (national chemical co.)

7) NYC data on blacks and Hispanics by census tract from Public Law file for congressional redistricting

8) NJ population data by election precincts from Public Law file for congressional redistricting

9) 1960 Public Use Sample data for individuals employed in manufacturing for longitudinal study by a sociologist

10) 1970-1980 small-area socio-economic data for NYC, LA, Chicage, Houston, San Juan for study of changing compostion of neighborhoods

11) Car ownership and employment data for census tracts in the Philadelphia SMSA for a transportation planning study

12) Data on client industries from the Census of Manufacturing and county Business Patterns for a container manufacturer

13) Data on non-profit institutions from Census of Selected Service Industries

14) Extract of the national Survey of Family Growth for a study of minority fertility

Another view of federal statistics use comes from reading the newspapers. In almost any issue of a daily or weekly paper one sees references in both news and feature articles to federal statistics. In a recent issue of the New York Times (Sunday, March 7, 1982) this writer identified the following articles which were either based on federal statistics or which used federal statistics to provide background or support for articles on a wide variety of topics.

Section 1 Main Section
- p. 21 (Census) "Report Shows 4 Americans in 10 are Under 25"
- p. 24 (GAO) "Drinking Water Purity Dropping"
- p. 25 (BLS) "Data Show Women's Pay Still Lags Behind Men's"

Section 3 Business
- p. 2 (BLS) "How Not to Measure Productivity"
- p. 17 (Misc govt sources) Data Bank: The Economy, Prices, Production, Finance included a combination of economic indicators most of which were produced by the federal government.
- p. 17 (Misc govt sources) "This Week in Business" (unemployment, new car sales, new home sales, etc.)

Section 4 News of the Week
- p. 3 (Census, Labor Dept, Commerce) Statistical profiles of 8 states containing data on population, unemployment, personal income, and presidential vote
- p. 6 (Census) Redistricting in NJ and NY
- p. 6 (Census) "Dynamics of Rental Housing in NYC"
- p. 8 (F.C.C.) "TV Station Applications"
- p. 18 (NCES) Cost of education and current employment status of humanities Ph. D's
- p. 20 (NCES) Enrollment in public vs private colleges and universities, 1950-1981

Section 8 Real Estate
- p. 1 NJ Housing Starts

Section 11 New Jersey Section
- p. 1 (Census) Another article about NJ's redistricting problem
- p. 4 (National Marine Fisheries Service) "The Tuna Industry off NJ's coast"
- p. 8 The recent link of the Association of NJ Environmental Commissions, a private association to the Chemical Substances Information Network supported by FEPA. Data are made available to the system by NLM, NIH and FEPA.
- p. 20 (Census) Proposed construction of Smithville

Complex in Galloway Township

The New York Times of Tuesday, March 9 included the following articles.

Main Section
- A p. 1 (Census) "Justices Reject Census Challenge by City and State" (provides an indication of the importance of "accurate" census counts)
- A p. 14 (Census) "Casper: Wyoming's First Metropolis"
- A p. 18 (NCES) "Congress Finds it Hard to Cut Aid for Middle Class"

Science Section
- C p. 3 (Department of Agriculture) "Hairy Vetch Gives Fertilizer a Run for the Money" (uses figures on corn production and fertilizer use)
- C p. 3 (NASA) "Acid is found in Cloud Samples"

On Thursday, March 11 several additional federal data sources were cited.

Main Section
- A p. 21 (Dept. of Interior, Fish & Wildlife Service) "Bird Populations Rise After DDT Ban"

Metropolitan Report
- B p. 4 (Assorted sources) "Port Authority Cites Economic Gains"
- B p. 8 (Department of Agriculture) "Farmers Back Tobacco Plan They Would Receive"

Business
- D p. 1 (Commerce) "Retail Sales Rose 1.6% Last Month"

In addition many articles in all three issues of the Times used data produced by numerous federal regulatory agencies or data which was probably derived from federal sources, but for which no attribution was included.

The uses of federal data identified above do not provide a comprehensive inventory of the broad spectrum of applications or of users of federal data. These lists are however indicative of the degree to which all of us in both our personal and our professional endeavors depend on the resources of the federal government to help us better understand all aspects of life in America, today, yesterday and tomorrow.

Although the private sector can and does compile, interpret and republish some of these data, it does not have the resources to collect and tabulate them. Furthermore the users of these statistics are not a single organized group which could financially support federal data collection efforts. Rather users come from diverse areas of the economy, of the government and of academia. Their needs are often varied and changing but their dependence on federal statistics from a variety of sources is enormous. The ability to study a vast array of issues and to make intelligent public and business decisions would be greatly impaired if the federal statistics system no longer produced dependable data in multiple subject areas and at all geographic levels. The system should be strengthened and coordinated. It should not be dismantled.

VANDERBILT UNIVERSITY
NASHVILLE, TENNESSEE 37235
TELEPHONE (615) 322-7311
Department of Sociology & Anthropology • Direct phone 322-2825

March 15, 1982

The Honorable Robert Garcia
Chairman of the Subcommittee on Census
and Population
U.S. House of Representatives
Washington, D.C. 30515

Dear Representative Garcia:

I am a professor of sociology at Vanderbilt University. As someone who uses Federal statistics daily to teach, research, and analyze social problems in order to work towards solving them, I would like to add my voice to those of other concerned citizens.

I am fearful about the administration's cutbacks in federal funds to government agencies in charge of collecting federal statistics. I am convinced that cutbacks will interfere with the work of these agencies. The statistics they collect are vital to the analysis and therefore the solution of our nation's social problems. Any decrease in the efficiency of statistics collection by these agencies is a threat to efforts aimed at improving the quality of our national life. It is my sincere hope that you will continue to work against cutbacks of these funds.

Yours truly,

Robert Bibb
Robert Bibb
Assistant Professor

RB/jb

cc: Representative Bill Boner
Ms. Kathryn Wallman, COPAFS

VANDERBILT UNIVERSITY
NASHVILLE, TENNESSEE 37235
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March 15, 1982

The Honorable Robert Garcia
Chairman of the Subcommittee on Census
and Population
U.S. House of Representatives
Washington, D.C. 30515

Dear Representative Garcia:

I am a graduate student working towards his Ph.D. in sociology at Vanderbilt University . As someone who uses Federal statistics daily to teach, research, and analyze social problems in order to work towards solving them, I would like to add my voice to those of other concerned citizens.

I am fearful about the administration's cutbacks in federal funds to government agencies in charge of collecting federal statistics. I am convinced that cutbacks will interfere with the work of these agencies. The statistics they collect are vital to the analysis and therefore the solution of our nation's social problems. Any decrease in the efficiency of statistics collection by these agencies is a threat to efforts aimed at improving the quality of our national life. It is my sincere hope that you will continue to work against cutbacks of these funds.

Yours truly,

Peter Cattan

Peter Cattan
Research Assistant

PC/jb

cc: Representative Bill Boner
Ms. Kathryn Wallman, COPAFS

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RECEIVED
1982 MAR 24

March 16, 1982

The Honorable Robert Garcia
Chair of the Subcommittee on Census
and Population,
U.S. House of Representatives,
Washington, D.C., 30515.

Dear Representative Garcia,

I want to register with you my alarm over the cutbacks in funding the collection of federal statistics and data. I use federal statistics daily to teach, to perform research, to answer questions put to me by state agencies. As you are aware the general quality of census data has been slipping, the proposed cuts and transfers of control could mean that future data simply will not meet our pressing needs.

It seems to be the current administration's view that if the populace does not know of problems, vast areas of inequality, and the dark pockets of hunger and disease that still dot our land, then these problems will cease to exist. I hesitate to fall back to homilies, but knowledge is power and the power of knowledge should never be curtailed.

The statistics currently collected are necessary to the understanding and solution of our nation's problems. Any decrease in the collection of federal data will hamper our ability to confront the problems before us. I realize that these cuts are a budgeting priority, but we all know that ignorance is infinitely more costly in the long run. It is my sincere hope that you will work against these cutbacks.

Yours sincerely,

Kevin B. Bales

Kevin B. Bales.

Testimony of Dr. Carolyn Shaw Bell
Katharine Coman Professor of Economics
Wellesley College
Wellesley, Massachusetts 02181

The budget reductions which have taken place gravely impair the capacity of our present system to keep us as citizens and policymakers informed about the current state of the economy. The budget reductions planned will, if they are not reversed or reduced sharply, permanently stunt the growing ability of the United States people to deal responsibly with their own affairs.

My own place in the assemblage of data users has been that of a publicizer of little-known facts, as well as an economist engaged in scholarly research. It is to the first item that this testimony is addressed. I attach as part of this testimony a commissioned article appearing last December, as well as two other widely read articles about the usefullness of statistical data. */

My field in economics deals with income distribution and the disposition of personal or household or family or individual income; that is, applied microeconomics. This work has led me to recognize the power of some myths that are widely believed and also to realize that only sound statistical data and continued airing of these data can eventually dispel these myths.

One such myth was that of the typical family, long regarded to be the male breadwinner supporting a family of three dependents, wife and two children. Only this year has this family model been abandoned by the Bureau of Labor Statistics in its series on spendable earnings. That an outmoded model was so used resulted totally from an inability of readers to have access to alternatives which were, in fact, being prepared. My own contribution to destroying the notion of this typical family occurred with the publication of the Newsweek "My Turn" article which is attached. */ The data in this article came to me directly from the Bureau of Labor Statistics after

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*/ Retained in the official hearing file.

its former director, Jules Shishkin, and its present brilliant administrator, Janet Norwood, had listened to my pleas for developing such data. As I am sure the members of this subcommittee will recognize, the four-person family supported by a man is no longer inevitably cited when families are mentioned. Indeed, the diversity of families was recognized as essential to the plans for the recent White House Conference on Families.

The four-person family myth still persists along with the myth that something called the "cost of living" can be measured, and that is because the Bureau of Labor Statistics has been denied the resources to update and improve its data.

Two surveys which would have been of inestimable value have been cancelled and we will continue, therefore, to rely on outmoded and obsolete information in making policy decisions. Inevitably, the quality of these decisions will suffer. One survey, SIPP, would have provided the first hard data on what is commonly known as the "welfare population." We have, at present, the spectacle of an administration cutting programs for income assistance to all but the "truly needy" and at the same time denying itself any hard knowledge about how many "truly needy" there are, and how many nondeserving cases exist. As was evidenced in the public opinion poll findings reported last month, the term "welfare" has become a totally invidious term for people in this country and general misconception about the size of the welfare population as well as their means of support exists. Now there will no longer be any data to dispel these myths.

The second survey that will be badly hampered is one that could have gone a long way toward reducing inflation. To the extent that we use the inflation measure, either the consumer price index or the GNP deflator, as a measure of the cost of living we make erroneous decisions about monetary and fiscal policy, wage bargains, internal salary and wage adjustments, and even personal budgeting and saving. Yet there is no doubt that neither of these measures of inflation bear any relationship to the "cost of living."

The Bureau of Labor Statistics has insisted for over a generation that the CPI is not a measure of the cost of living, but again, people persist in using it as such because of the lack of alternatives. One had been planned, the quarterly survey of actual expenditure by people and families, to give actual figures on the actual cost of living of actual people. As an inflation measure, the results of this survey would be inferior to those of the CPI, but as a measure of the cost of living, it would be far superior. It will not appear because of budget cuts.

In my own work, these are the two budget cuts which concern me immediately and which I deeply regret. However, I have sufficient respect for the data lost to analysts of manufacturing, to firms attempting to plan new hiring, to market researchers wanting to know what will sell in Duluth or Debuque, and to local governments with new burdens from the "new federalism," will face, to protect other planned cuts. The cancellation of the mid-decade census is almost criminal, considering that it was the tragic social upheavals of the race and class riots of the 60s that first underscored the need for such a census. Significant revisions in the methodology for collecting unemployment statistics are long overdue. Particularly for small areas, the data on unemployment will be far more unreliable in the future, owing to budget cuts.

Most importantly for this Subcommittee's recommendations, the anticipated budget cuts will have a permanent impact on the system that can never be made up. If a child from 6 to 12 years old is deprived of a fully adequate diet, its growth can never be caught up in with supplementary feeding thereafter. The child will be permanently shorter and lighter and less fully developed than one who has been normally fed. The same is true for statistical data that are collected over time. If some of the series being cancelled are renewed five years from now, even in richer detail, the intervening lack of growth can never be made up. Much useful analysis consist of identifying trends, cycles, and other characteristics of time series. Once a time series is broken off or truncated, the analysis of what remains is vitally injured. To have data that are not comparable with each other means, again, that decisionmaking suffers.

Once before, a Republican Administration severely harmed the statistical resources available to this nation in a fit of economy. In my own field, a major survey of income and expenditure was finally published only as the result of massive intervention by a charitable foundation which financed the publication of government-collected statistics that would otherwise have been suppressed. Although the present administration has called upon the private sector to assume a larger part in the economy, I do not think it is appropriate for a democratic government to allow private organizations, no matter how charitable or noble, to determine what information shall be available to the citizenry and what information shall be denied.

The resources of this country consist of its people, primarily, rather than the natural resources and physical capital that has been amassed. But the quality of its people as an economic resource depend essentially on the information available to the people and their level of education. Both will inevitably be less in the years ahead. Like other cutbacks in investment, the planned reduction of statistical resources will make the country poorer and will inevitably reduce productivity.

CSB/hg

March 5, 1982

My Use of Federal Statistics

As Director of the Bureau of Business Research and as Chancellor Professor of Business Administration at the College of William and Mary, I use federal statistics constantly in the Bureau and in teaching.

The Bureau produces the Virginia Business Report and the Williamsburg Business Report on a monthly basis in which federal statistics are employed. The mailing list embraces 1400 professional and business persons. The reports are released to 20 radio and television stations and over 100 newspapers.

To dry up federal statistics such as is being done in the Departments of Commerce and Labor will impair the ability of local and regional businesses and governments to make decisions. Census is to lose some 500 employees and another 5400 are to be given furloughs. This will kill a substantial amount of local and regional population and demographic data on which we rely. We do not have the capability of making surveys.

Two other important examples are the Bureau of Economic Analysis of Commerce and the Bureau of Labor Statistics of Labor. Regional and local data are provided on employment, incomes (place of residence; place of work), the Consumer Price Index (we have nothing else to go on in Virginia), retail sales (we make comparisons federal, state, and local), housing, etc.

We need help, not harm, in assessing the directions of the economy. The blind cannot lead the blind.

As a professor, I teach a class in economic forecasting at the graduate level. Without national data--without something to forecast-- this cannot be done. As the economy of the nation goes, so go industries and firms. Enlightment, not a dark age, is the only way to recovery and economic health. Research will be notably crippled.

The above I state not only as a bureau director that produces and uses data, but also as Chairman of the Federal Statistics Committee of our national organization of bureaus (the Association for University Business and Economic Research--AUBER) and as Chairman of the Board of the Federal Statistics Users' Conference.

With Professor Morton J. Marcus of Indiana University, I join in stating that the reduction of information is the BLINDING OF AMERICA.

On a personal basis, I would agree with columnist Ellen Goodman of Boston (February 10, 1982) that "without all of the data around to keep bothering us, poverty, unemployment, even hunger will just disappear. This is the way they solve problems in the New Reagan Era. They kill the Data."

L. E. Traywick

Leland E. Traywick, Ph.D.
Economist

University of Wisconsin—Madison
MADISON, WISCONSIN 53706

DEPARTMENT OF SOCIOLOGY
SOCIAL SCIENCE BUILDING
1180 OBSERVATORY DRIVE

TO CALL WRITER DIRECT
PHONE (608) ____________

February 17, 1982

Representative Robert Garcia
223 Cannon House Office Building
Washington, DC 20515

Dear Representative Garcia:

I understand that you will be holding hearings on possible cuts slated for federal statistica programs, especially the Census Bureau. As a user of such statistics in my research I am very interested in any reduction in public information provided--information that is only available from federal programs.

Since I have not learned of specific statistical measures or indicators to be eliminated, it is difficult to comment on specifics. I can tell you that I rely heavily upon such information as a source of data in my studies on U.S. political and economic policies and conditions. I am a historical sociologist who looks at temporal changes in various indicators of social-economic "health" and their relationship with other conditions I depend heavily on such statistics for quantitative assessments of our nation. I often combine several different statistical measures into composite indicies that reflect some conceptually created variable. Without such measures it is impossible to monitor how various conditions in our society (e.g. housing, health, employment, business failures) improve or decline over time for whatever reason.

My special concern is with the elimination of detailed statistical measures of conditions in the United States that have been available for previous years. The information lost once some aspect of our nation is no longer measured and reported cannot be recovered without very great expense, time and effort, if at all in the future--often only 5 or 10 years later. In other words, once the information is lost, it is usually lost forever. I therefore strongly recommend that some kind of restriction be placed upon the cuts such that no measure or information form that has been collected by the U.S. Census Bureau and reported since 1960 is cut. If at minimum, measures that have been reported since 1960 are continued to be reported, some kind of comparsion across time is possible and some monitoring of our society's development can be made. Once the information souree is destroyed, our theories, knowledge and understanding of our various conditions/policies change and have effects will be restricted forever. If the social sciences are ever to be able to yeild solid scientific knowledge about changes and developments in our nation we must continue to develop series of comparable information across time. Basic research and knowledge of social-economic change will be permanently harmed by any elimination of statistics that have already been provided for a number of years.

It is difficult to express the importance of many of the apparently **esoteric** statistical measures that have been developed over the years by **social science.** Few of the measures now reported are collected and provided for **"no reason."** The reasons have been developed over years of debate within the scientific community and rely on abstract and complex theoretical reasoning.

The elimination of the statistics, even ones that have only been collected in more recent years because of newly developed measures or more sophisticated ways of assessing conditions, severly hampers the capacity of scientists to develop knowledge about the causes of fundamental social problems or to evaluate the effects of various government actions. Recent research has suggested that many social-economic conditions or government programs have effects that are "delayed" and do not appear until years after their initial impact. Without accurate historical record-keeping, the ability to determine what if any impact occurs becomes impossible. Let me provide a hypothetical example to amplify my point. Let's suppose that the government adopts program X in 1979 and the program and numerous affects throughout the communities where the program is implemented, as with most such programs. Most programs have intended and unintended consquences, some of its effects are expected and easily seen, others only can be determined after careful analysis by statistical procedures. Some effects appear immediately, others only become apparent after years of the program. If the program is designed to provide a service to group X (aid the investment of capital into certain communities), its affects on what may at first appear to be unrelated conditions (e.g. the accident rate for workers) may exist but not even appear at first. Yet, perhaps over a number of years, an effect on the apparently unrelated conditions may taken effect because of certain longer term mediating conditions (e.g. lax enforcement of certain laws in conjunction with the investment program or the types of firms/industries attracted). The evaluation of a government program is often only possible with detailed collection of a wide range of measures for a substantial period of time.

A related problem with eliminating the collection of statistical measures is that it limits our understanding of social problems. For example, when urban riots occurred in the 1960's, social scientists examined a wide range of city characteristics to determine whether conditions in different cities could help explain the pattern of rioting and hence aid our understanding of their cause. If certain kinds of information on the urban areas were unavailable, then theoretical claims involving that kind of information cannot be tested. We cannot determine, by scientific means, whether particular possible causes were or whether not involved. In the absence of empirical evidence, what usually happens is that political ideologies or unfounded beliefs are substituted. Thus, in the case of rioting, if information was collected then scientists could determine whether or not a specific condition contributed to rioting. In the absence of such information, people with different values or beliefs substitute their conjectures and assumptions for factual information. Instead of a scientifically based assessment of conditions and increased understanding of the underlying cause, we have rhetoric and a political battle--which is decided by political power not knowledge and understanding. The implications of such a shift in the basis of public policy and the development of this nation are dramatic.

Thank you for taking the time to consider my thoughts on this issue. I hope that you will do all in your power to limit reductions, particulary the elimination of any form of information that has been collected since 1960 for each intervening year.

Yours,

W. Lawrence Neuman

W. Lawrence Neuman
Lecturer in Sociology

by

H.H. Winsborough

Center for Demography
University of Wisconsin-Madison

People say you can't change human nature. But the last twenty years have seen two fundamental changes in the nature of the human animal.

The first change occurred with the introduction of the birth control pill in the early 1960's. For the preceding millennia pregnancy was the routine complication of sexual activity. Now it is not.

We have only a glimmering of what this change will mean for human society but it is certain the consequences will be far reaching and dramatic. It has already changed the pattern of population growth in our country and the world. It has already changed the incidence, duration, and meaning of marriage and of the family.

The second change is more predictable in its consequences. The Bible sets the span of human life at three score and ten years. Finally by 1970 a baby born in this country could expect to live that long. The advances in medical science which led to that achievement dealt with the accidents, insults, and invasions of the body which make it stop working before it begins to wear out at about the Biblical age of 70.

In the last decade we have learned how to make bodies wear out later. Since 1970 there has been a trend toward greater life expectancy at the older ages -- life expectancies which had previously changed little and varied only modestly among countries. The change is due to declines in mortality from cardio-vascular disease. A conservative projection of these trends to the end of the century increases life expectancy at age 65 by 33%.

These two changes effectively change the biology of the human animal. They will have effects on our social, environmental, and cultural adaption on the scale of major mutations. Some of the effects will be realized in the political time of two, four or six years. Many will work themselves out in the historical time of decades and centuries.

The fact of these fundamental changes is important to decisions about budget reductions in the Federal Statistical System. Only through high quality national data can we keep track of the social convulsions these changes are causing.

This testimony is about the effects of the proposed reductions on the research done by demographers in the universities, foundations, and research institutes. The demographer's job is to track these kinds of changes in the population, to find and point out their consequences, and to provide early warning about new changes on the horizon. We do that job by taking data from the federal statistical system and analysing them, thereby creating meaningful facts from the welter of numbers. A demographer at the University of Pennsylvania warned of the end of the baby boom in the mid 1950's, another at The University of Chicago signaled the end of rising birth rates in developing countries, a colleague in my own group and his co-author in Agriculture described the turn-around in growth between metropolis and open country, and a demographer at Cal Tech described the changes in mortality at older ages. The things we discover are important as ingredients in specific decisions but are more important as facts about how the contemporary world really is; facts which set the boundaries and context for all manner of public and private deliberations.

My colleagues and I are deeply worried about four proposed cuts in the available data. We are also gravely concerned about damage to the quality of a system that is the only way we have to monitor what is going on.

Our first concern is about data on fertility. We understand that fertility data will be gathered on the Current Population Survey every second year rather than annually. We understand that the National Survey of Family Growth will be conducted by NCHS every five years rather than every three.

This is a bad time to reduce the frequency of detailed information about fertility. There is a raging argument among demographers about whether we will shortly have another serious baby boom. From a theory that worked before, one camp predicts that age-specific fertility rates will increase in the next few years. Another group thinks not, for equally respectable reasons. Which side turns out to be right makes a lot of difference to a lot of people. Manufacturers of things for babies and children, local school districts, people who plan medical facilities, and people deciding what kind of job to train for; these and many others need to know the answer as soon as possible. The proposed cuts in data about childhaving could delay confirmation of a new baby boom from three to five years. By that time children of the new baby boom would be ready to enter public school. We could relive the chaotic catch-up of the early 1950's; the double shifts in schools, the frantic construction, the shortage of supplies and trained personnel.

Rather than reducing the frequency of data on childhaving, we think this would be a good time to increase it. We think that the expanded CPS fertility supplement now done every five years should be done every two years for the remainder of the decade.

Our second concern is damage to the statistical power of the Current Population Survey. The damage comes in two ways. First, the sample size is being reduced by 12,000 households. Second, redesigning the sample to reflect changes found in the 1980 Census is being delayed. The effect of both changes is to reduce the accuracy of data from the CPS.

The Current Population Survey started as a way of measuring unemployment but it has become the single most valuable source of annual data on population characteristics and change. In my group the CPS is routinely used to study fertility, mortality, returns to education, marriage, divorce, the living conditions of the elderly, the life conditions of minority groups, and the way young people enter the labor force. Reductions in its accuracy will damage all of our work but we will be especially frustrated by the size reduction when we study relatively rare subpopulations. How are Hispanic veterans faring in the recession? How about widows? Could teachers who have dropped out of the labor force return to teach boom kids? Do parents who have suffered the death of a child have greater or less subsequent fertility? These and a myriad of other questions cannot be answered with sufficient accuracy from a reduced CPS.

Reducing the power of the CPS is like substituting a fisherman's scale for a chemical balance in assaying demographic change.

We are also worried about reductions in the Health Interview Survey and the Health Examination Survey. These are our primary data on the morbidity of the population. They provide early signals of changes which will subsequently appear in the death rates. They will help us predict whether the increase in life expectancy at older ages will accelerate or subside. It used to be easy to predict mortality in the older ages. Three decades of federal investment in medical research make that no longer so.

Finally we are worried about the disappearance of the two longitudinal studies conducted by the National Center for Educational Statistics. These are major data resources for studying one of the two ways that demographic change comes about.

Sometimes populations change in response to contemporary events. Recessions, wars, the introduction of technological innovations change everyone's circumstances at about the same time and so the population as a whole changes rather quickly. The other mechanism of change is slower. More recently born cohorts of people replace people born earlier in the succession of generations. As the new generation is different from the old, so the population slowly changes to reflect the difference. The changing educational level of the population is the classic example of this cohort change.

How do new generations get to be different from older ones? Primarily through the different things that happen to them as they grow up, go through school, and move into adult life. The National Longitudinal Study tracks a cohort graduating from high school in 1972 as they move into the adult years. It lets us investigate within a cohort the effect of prior events on subsequent outcomes about jobs, earnings, and family life. The High School and Beyond survey begins the same investigation for a cohort about a decade later. These are the only surveys which collect this kind of longitudinal data on a national basis. Only by analyzing effects within cohorts and comparing between them can we understand this kind of slow, inevitable demographic change and develop new indicators of things to come. What, for example, caused the decline in college entrance test scores? Does the trend in these scores presage trends in the productivity of labor? Without these surveys we won't know.

Our final concerns are about the general effects of budget reductions on the quality of a statistical system which has been unparalleled in the world. We demographers deal with the system on a daily and intimate basis and have done so for years. We can attest to the chaos which is being created. I estimate that the 1980 Census products are about six months behind their announced schedule and behind the release of the 1970 data by the same amount. Personnel reductions and transfers increasingly mean there is no one left to answer our detailed questions about how data were collected and processed.

Furloughing people is one of the stupidest ways of cutting costs. I know because one of my research projects hires the Census Bureau to prepare some previously collected data for public release. Now there are ten percent fewer person-hours spent a month. But the costs of heat, light, accounting, computer maintenance, and equipment rental doesn't change. So this "cost saving" means I get fewer numbers per dollar.

Our country's statistical system became a great one in the 1930's when a lack of jobs, especially jobs in colleges and universities, brought a generation of bright and very well trained professionals into the system. For example, W. Edwards Deming, whose name the Japanese honor in their medal for innovation in quality control, designed both the sampling and quality control for the 1940 Census. We have been living on the innovation of this generation for nearly half a century. Market conditions since the 1930's have attracted few comparable replacements. Only in the last few years have we seen a sufficient tightening in the academic job market to make the Federal Statistical System an attractive place for our best students to work. But the ones who have done so are junior and they are being fired. The word is back to younger students who no longer consider the possibility. The chance to replace a generation of valuable professionals is being aborted.

Like it or not, our population is in the midst of fundamental changes. Some of those changes are glacial and we need to know a great deal more about how they happen. Others can be predicted, like the weather, only a short time before they are upon us. We have good reason to think we are due for several such shifts in the next few years. It is a foolish time to blunt our instruments for finding out what is going on. It is as though the patient is in intensive care and we unplug the monitoring equipment to cut his hospital bill.

Certainly the statistical system costs a lot of money. But the cost of the information which the system produces pales in comparison to the cost of the mistakes we will make certainly without it.

STATEMENT ON THE FUTURE OF FEDERAL STATISTICS
before the
Sub-Committee on Census and the Post Office

PO

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Summary

* U.S. leadership in economic and social statistics has already deteriorated by comparison to other countries and to performance in the U.S. twenty years ago.

* The budget stringency of FY1982 and FT1983 will cause "dry rot"--continued production of statistics with avoidable deficiencies.

* Lack of data on social problems will make it impossible to devise sensible legislative action at the same time that Congressional demand for data will induce invented statistics that obscure our ignorance.

* A program to cure the blight on Federal statistics will require funding, lifting of personnel ceilings, strong liaison with users, and input from technicians employed in centers of statistical research.

I. Orientation and experience

I have 23 years' experience in the design and execution of data collection programs for individual households and business firms. In 1959 James Morgan, Wilbur Cohen, Harvey Brazer, and I pioneered in the design of a household data collection for the study of income distribution that has become a model for all subsequent efforts. In 1971 I was honored as a Fellow of the American Statistical Association for my contributions towards the use of linked administrative data files; the work that I had already accomplished for Wisconsin was not replicated in comparable Federal achievements until the mid-1970's; I have attempted to increase our understanding of phenomena as diverse as tax depreciation and capital gains, as well as problems of low-income families, unemployment duration, and the impact of transfer programs.

While my major professional activity has been to generate data, I have been a user of Federal data on income, employment, and prices. I have been an adviser to the Bureau of the Census as an unpaid member of its American Economic Association advisory Committee; I currently serve on the National Research Council's Committee on Federal Statistics on Family Assistance.

I believe that it is not possible to make appropriate policy decisions without data. Many government programs, both past and present, are characterized by willingness to "throw money at a problem" without being willing to collect a sufficient body of information to evaluate the viablility of the program.

II. Immediate Data problems

Several immediate problems have been created by financial stringency and an attitude in some parts of the current administration that information on social and economic problems is not needed as a basis for policy-making.

Income Survey Development Program. This program, costing over $20 million, was summarily terminated by the Commissioner for Social Security. The program was designed to provide a factual basis for deciding how to overcome deficiencies in the nation's income statistics. It was designed to quantify errors in the Current Population Survey income supplement and to provide estimates of gaps in administrative data on the poor. The program has demonstrated that it is possible to measure the number of families simultaneously receiving benefits from several welfare programs, as well as those who are eligible and receive nothing.[1]

Confusion created in the last 12 months has set back the production of information from this program at least two years, and it appears that some parts of the program will suffer serious impairment of quality, program relevance, and timeliness.

Survey of Income and Program Participation. The program just described was a pilot project for a major new survey on income and participation in Federal "safety-net" programs. This new survey has not been funded. In Appendix A, I describe the gaps in current data collection that the proposed income survey could remedy. It is clear that without a program like this survey we cannot know how changes in government policy--in Food stamps, AFDC, and implementation of the New Federalism--will affect the poor because there is no integrated source of information on the poor. Furthermore, sources of administrative data are not organized to produce answers on the relationship of programs and their combined impact.

Other surveys. It as alleged that the Bureau of Labor Statistics will not fund further collection of data on multiple jobholding, that HUD will drop the annual housing survey, and the Office of Research and Statistics (SSA/DHHS) has discontinued its survey of AFDC beneficiaries. I have used data from each of those sources in past work. What data source will replace information on home equity and housing characteristics? How are we to determine the child care arrangements of working AFDC mothers? How dow we monitor the effect of short work weeks on persons who hold two jobs?

I do not have answers to these questions and I seriously doubt that a comprehensive statistical plan is being drawn up which will assure that measurements of important social phenomena survive the current budgetary crisis. In future years, 1982 and 1983 will be known as the "know-nothing" years.

III. Impact of budgetary stringency

The impact of budgetary stringency goes far beyond the percentage change in dollar budgets. Six obvious outcomes can be cited:

1. Reductions in Force. According to Director Chapman, 1982 and 1983 would be difficult years for the Bureau in any case because the decennial Census cycle implies that many temporary positions disappear. For the 1980 Census, a number of skilled Washington-based specialists volunteered to take assignments as field supervisors, and it was the quality of their effort that had a great deal to do with improvements in coverage that were realized by the Census. Budget shifts meant that a number of these persons were "rewarded" for their efforts by being terminated because of reductions in force (RIF). The obvious implication is that few Washington-based workers will find it in their interest to volunteer for future field assignments, to the detriment of data quality.

At the top level in the Bureau, the pay ceiling has eliminated incentives for taking on the more difficult leadership roles; at the same time the ceiling has made it extremely attractive for persons eligible for Federal pensions to retire and associate themselves with private consulting establishments.

The process of RIFs required by budgetary stringency is leaving many parts of the Census short-staffed and has already resulted in the revision of production dates. Delay in the preparation of outputs is a distinct loss in quality, since it means that many decisions in state and local administration must be made on out-of-date information concerning population characteristics.

2. Bumping. Associated with RIFs are rights to relocation in other positions, including the right to displace persons holding those positions. The result of this process of bumping is that persons with experience in particular data problems are replaced by persons with less experience, who are nevertheless paid at a higher rate. This is not only false economy, it contributes to data errors, delays, and a lack of continuity in data improvement programs.

3. Processing lags. Shortages of experienced people make it impossible to deliver data products on schedule, unless they are totally standardized. This implies that any special requests associated with new legislative efforts will be less expeditiously handled and will provide less detail. The result: sound legislation will be thwarted.

4. Invented data. Lack of statistics from data gatherers implies that data users "invent" their own estimates. In the past five years the Federal establishment has become quite proficient in such inventions as:

1. "Aging" an old set of data to make it conform to some aggregate benchmarks for a later date.

2. "Imputing" synthetic data sets that imply combinations of characteristics for which no single source of data exists.

3. The production of "horror stories."

None of these techniques is a substitute for data collection and timely processing. Horror stories give a biased perspective of what goes on in the population. Synthetic data sets do not capture a number of complex interrelationships, such as the interdependency of receipt of different social welfare programs. The fast rate of social change implies that subtle changes take place in both the business and household populations that are hard to capture by "aging."

5. Advice. One of the first things to go in the tight budget was the use of the external advice and expertise of the Census Advisory Committees, which did not meet in the spring of 1981 for fiscal reasons.

It is extremely important to build and maintain a flow of information from technicians outside of government that can be used to improve data quality. It is equally important to have good liaison with various user groups so that information needs can be adequately communicated to the data producers. Both of these activities require funding--money for staff, money for educational materials, money for conferences, and money for travel to the places where users and experts can be found.

6. Publication. The simplest way to cut the costs of the dissemination of data is to eliminate some publications and reduce the scope of those that remain. This is obviously a foolish strategy, but it is one which accounts for a significant part of the budgetary savings of the Census Bureau. At a time when the Bureau should be exploring "publication" through new media--such as public computer files of tables, promotion of microfiche reports, and an elaboration of the available material describing the content and defects of data--it appears that the budget is forcing curtailed output.

IV. Long-Term Problems in the Federal Statistical Establishment

The current budgetary stringency can only aggravate the long-term problems which have been debilitating to the Federal statistical establishment. Below I describe eight of those problems, to put in perspective the urgent problems we face today. The credibility of the data used in decision-making and the quality of decisions will suffer unless something is done to reverse trends of the last decade. The Congress must take note of these major data gaps:

- The Urban League conducted its own survey[2] to establish gaps in the safety-net programs aimed at assisting urban blacks; the Federal establishment cannot generate comparable data.

- The Federal government has not conducted a study of the size distribution of household wealth in twenty years.[3]

- The Federal government has no source of micro-economic data on saving that sheds light on the changes in U.S. habits (if any) that may contribute to the alleged insufficiency of savings.

- Despite 20 years of debate on tax depreciation, the available data base (and research) is insufficient to justify the relevant sections of the Economic Recovery Act of 1981 as a wise policy to promote capital formation.[4]

These examples suggest major areas of ignorance, despite Federal statistical activity.

1. Recruitment. The eight long-term problems of the Federal establishment start with recruitment. The highest quality technicians are not entering Federal civil service and the most innovative and

experienced persons are leaving the service. The intellectual giants of the Bureau of the Census, of the Division of Program Surveys in the USDA, and of the Bureau of Economic Analysis--those who conceived of area-probability sampling, small-scale attitudinal surveys, and the framework of the national income and product accounts have not been replaced.

Failure to recruit great minds to the Federal statistical establishment cannot be condoned on the grounds that the great minds are still contributing to national data problems in their roles in academia and business. The statisticians who work in those sectors work on different problems. Finding out about poverty is not a priority for the private sector because there is little profit to be made from the poor. Linking knowledge to policy initiatives is not a priority for academics, because the primary agenda for universitities is the production of knowledge and degrees. In addition, academics in the social sciences have never had the resources to engage in significant long-term collection of micro-data and tend to initiate data collection that is neither national in scope nor continuing over a period of time.

Budgetary stringency of the last few years has not only made it difficult to bring great minds to the Federal Statistical establishment, it has made it increasingly difficult to retain those who are already at work. The available careers, the opportunities for innovation, and the internal rewards for doing an outstanding job no longer appear attractive relative to non-governmental employment.

2. Innovativeness and responsiveness. Budgetary neglect of the Federal statistical establishment costs the country by reducing innovation and response from the statistical agencies. The days when automatic data processing technology at the Census Bureau led the field have been replaced by a situation in which the limitations of available computer hardware pose an embarrassment and a barrier to improving productivity.

The days when it was possible to get rapid implementation of survey measurements to deal with pressing problems (such as the likelihood that purchasers of savings bonds would cash in their savings) have been replaced by censorship of Federal data collections by the OMB and requirements of the Paperwork Reduction Act that place arbitrary limits on data collection--largely unrelated to national priorities or the "burden" that respondents actually feel.

The result is lack of urgently needed statistics, a "hardening" of the Federal statistical arteries. We do not know the consequences of eliminating CETA; we will not know because we haven't got a statistical establishment organized to find out. We won't get reorganization because we don't have enough leaders with vision. We don't have leaders because we are not recruiting them.

3. Response error. The most insidious problem in statistics is response error, that is, the reporting of wrong answers. It is insidious because "wrong answers" look just like "right answers" when they are reported in publications, hearings, and budgetary projections. We know that the Census record on response error in the field of income statistics has been poor.[5] The Current Population Survey fails to elicit reports of many kinds of income; it accepts incomplete reports in some cases; and in other cases it relies on reports from relatives who do not know. This problem has been getting worse over the years; innovations in reporting for 1979 and 1980 income show that some errors can be

reduced. The Director of the Census has excised those improvements relating to in-kind income because of budget.

The Director of Census reports that follow-up in both agricultural and business enterprise data collection will be reduced to keep within budgets. This follow-up would reduce response bias; its elimination increases response error in the data you will see reported.

4. Use of the computer. American government statisticians lag badly in their use of computers. Statistics Canada has had computer-assisted techniques for operating its labor force survey for nearly a decade. Those techniques reduce errors, increase coverage, and speed the production of information. The U.S. Census has not achieved comparable automation. The U.S. Treasury has a statistical model of taxpayers that relies on computer algorithms which are less powerful than the model used in the State of Wisconsin. The Institute for Social Research at the University of Michigan can produce integrated data on households observed over 15 years within 9 months of data collection; the Census and HHS have, to date, been unable to do the same for data collected in 1979 and the first half of 1980. Isn't something basically wrong with the Federal statistical establishment?

5. Archiving. While many data are generated, many are also lost. Interviews, collected at great cost, for the 1950 Survey of Consumer Expenditures cannot be retrieved. Studies of how consuemrs have changed their purchasing habits since 1950 are now impossible.[6] The Federal government is not adequately organized to archive administrative data and will lose increasing amounts of information as agencies computerize written records.

6. Administrative data. A recent volume by the Office of Statistical Policy and Standards demonstrates that important advances in statistics can be made using administrative data.[7] The most significant advances can be made by combinations of direct data gathering with administrative data. In an environment of declining funding it is unlikely that much progress will be made because of the essential interdepartmental character of such programs.

7. The right to information. Data, once collected, are a public good that can generate a wide variety of information and are best exploited by widespread access.[8] To achieve the most cost-effective use of information, the Federal statistical establishment must try new ways of allowing individuals to obtain inexpensive access to data. The same kind of computerized information system that has built up the econometric data industry needs to be generated for other kinds of data, and could be generated within the Federal statistical establishment.

A large private industry has developed to assist in the dissemination of Census data. They will be losing customers as they discover products of the Census that they currently repackage for commercial sale are no longer available.

8. Small area statistics. A continuing problem is the need for data on states and areas smaller than states. The Congress has contributed to the problem by mandating the allocation of some funds according to measures such as per capita income or rates of unemployment in small areas. The solution to this problem is not easy, as evidenced by the discussion of this problem in the Levitan report.[8] Because it is extremely costly to obtain precise measurements for all states at frequent intervals, the solution to the problem must be a mix of several statistical techniques. Because the production of small area data is a compromise between timeliness and frequency of observation, on the one side, and comprehensiveness on the other, substantial talent must be applied to the problem. The increase of sample sizes for the Current Population Survey would moderate the problem for larger urban areas. Both of these strategies require funding.

Budget cuts force data producers in the opposite direction. CPS sample size will be reduced from planned levels and less staff are available to work on the basic problem.

V. Evaluation

This statement has not dealt with many individual data programs, or with the full scope of actions that particular agencies are taking to accomodate budget stringency. The reason is that the public is not privy to the deliberations of agencies, and cannot find effective ways of communicating their needs for data to the data producers. By and large, the reductions in quality and quantity of data are history by the time that users learn that material they are accustomed to is being dropped.

The Congress must take responsibility for the following:

1. Failure to collect data implies ignorance. There is no way that the past can be known later, if data are not collected now! Time series information is amputated by the failure to produce one observation or the reorganization of information to produce more aggregated series. If Congress does not fund statistical programs it cannot expect valid material for legislative deliberations.

2. Statistics is a science that requires scientists and hardware. Inadequate funding will produce misinformation because inadequate people will be struggling to be scientific with deficient tools.

3. Lack of information is costly. In every case that I know of, the value of an additional dollar spent on intelligent data production is high by comparison with the social value of dollars being expendid for government programs. Failure to give more resources to the information that allows us to make decisions is asking the American public to live with judgments made by blind decisionmakers.

APPENDIX A

The Survey of Income and Program Participation

by Martin David

Glossary

CEX	The quarterly Survey of Consumer Expenditures, BLS
CPI	The Consumer Price Index, Bureau of Labor Statistics
CPS	The Current Population Survey, Bureau of the Census
PSID	Panel Study of Income Dynamics, Survey Research Center, University of Michigan
SEO	The Survey of economic Opportunity, conducted in 1966 - 67 for the Office of Economic Opportunity
SIE	The Survey of Income and Education, conducted in 1976 by the Bureau of the Census
SOI	The Statistics of Income, U.S. Treasury, Internal Revenue Service

During the six years from 1976 to 1981, the Department of Commerce and the Department of Health and Human Services invested a major effort in the development of a data collection system that concentrates on measurement of income and the impacts of the tax transfer system on individuals and families. The product of this activity is the planned Survey of Income and Program Participation (SIPP). The value of SIPP for understanding economic assistance to families can best be judged in relation to the gaps that the data collection promises to close.

In the following two sections the deficiencies of existing data collection systems will be sketched and related to perceived data needs. Implications for the design of a data collection are reviewed in Section 3. The structure of SIPP and its capacity for closing the gaps will be appraised in Section 4. An appendix contains a more complete glossary to the components of this proposed data collection.

1. Conceptual Problems with Existing Data

A series of problems with data pertaining to income distribution and the well-being of poor families have been noted and discussed over a period of more than twenty years. These problems can be classified under six headings: (a) population universe; (b) completeness of data measured at one point in time; (c) links across measurements taken for particular units at different points in time; (d) validity of data; (e) the accounting period used in making measurements; and (f) continuity in methodology and periodicity of measurement and in the flexibility of the data collection procedure.

Population universe. The principal objection to existing data collections is that the universe being studied is not sufficiently general to provide information on groups of interest. Data that are generated on beneficiaries of assistance and insurance programs exclude information on non-participants. Data that are produced on taxpayers exclude non-filing persons, and may double-count individuals who are claimed as dependents on tax returns filed by others. Because an understanding of the well-being of individuals requires a sample representative of everyone, the foregoing universes are incomplete. Participation in federal programs can only be understood by reference to the universe of individuals.

Completeness of the data. The CPS and the SOI were the principal sources of income statistics through the 1970s. A number of processes which are not well understood reduced the value of those data collections for understanding the well-being of individuals. Increased emphasis on the labor force and unemployment statistics were associated with reduced detail on income and increasing levels of imputation in the CPS. The detail of federal transfer programs could not be adequately captured, as the number of such programs and the complexity of entitlements increased. At the same time changes in the definition of Adjusted Gross Income altered the completeness and coverage of income information derived from administrative tax records. Lastly, increasing importance of in-kind income was not reflected in on-going data collection.

Links across time. Concern with chronic poverty and the effectiveness of emergency aid and rehabilitation required information on the change in well-being of individuals over a period of time. Longitudinal data are not regularly collected as part of the federal statistical program, except for the CEX where the sample relates to housing units, not families. The CPS sample was inadequate to generate such data, and the CEX was already heavily burdened with the responsibility for providing up-to-date expenditure weights for the CPI.

Validity. A fourth difficulty with existing data sources concerns the validity of the information generated. Several studies verified substantial underreporting of federal assistance programs on the CPS.[9] The increase of pension rights during the 1970s created an area in which household reporting was deficient, as few individuals were aware of the value of their entitlements.[10] Home production and income in kind was deemed to be an important, but unmeasured, source of income for some families. The increasing rates of payroll taxation, the high rates of benefit reduction associated with earnings, and the increased levels of withholding created incentives for tax evasion that implied inaccuracies in administrative records.

Thus areas exist in which it is likely that household data are biased (pensions) while other areas exist in which it is likely that administrative data are wanting (taxable earnings). A careful program of data collection that provides means of checking for error is warranted.

Accounting period. Another difficulty with established data collection on income was the use of the calendar years as an accounting period. While this was the natural period for reports of taxable income and an accounting of the income from many small business, it was neither natural nor appropriate for other purposes. Many lower income persons received irregular amounts of earnings at frequent intervals via weekly or biweekly payrolls. In the extreme, migrant workers were paid on a daily basis. The effort to reconstruct annual income from retrospective reporting was not only fraught with error, it was irrelevant.[11] Good wages received during working periods were consumed, and the family might well require temporary assistance during periods of unemployment. As economic assistance programs were designed to conform to monthly earnings, data on annual earings (no matter how accurate) could not generate accurate information on program eligibility.

Continuity of data and periodicity of reporting. In addition to the accounting period problem associated with the measurement of earnings, and income, a separate problem arose from the frequency of the measurements undertaken. CPS and SOI produced annual reports. No indication of the impacts of recession and intra-annual rates of earnings on eligibility for federal assistance programs could be generated from the available material. Yet clearly some means of dealing with seasonal and cyclical impacts on well-being of families and individuals was needed. At a minimum, quarterly indices of the population eligible for assistance, and the amount of the gap between the poverty gap and income received, appeared to be useful for policy making.

Many of these concerns resulted in special-purpose data collections. The Unviersity of Michigan Survey Research Center's survey of Income and Welfare in the United States, made a major effort to obtain data on transfer programs, income in kind, and measure the contribution of transfers within the household sector.[12] The SEO produced a larger data set on the poor for 1967 and 1968. Longitudinal data on individuals were generated beginning with a sample from that data set (PSID). In 1976, more detail on income and wealth and its relationship to program eligibility for federal assistance was collected through the SIE. The role of federal assistance programs in reducing and alleviating poverty has been monitored by continuing HHS surveys.[13] As a result of this accretion of effort, a good deal is known about the characteristics of a data collection needed to deal with the concerns enumerated above. Before the implications of past work for the design of a new data collection are discussed, we will indicate the range of applications for which additional information is needed.

2. Applications for Data on Well-Being of Individuals and Families

Several types of information appear to be needed for ongoing program administration and for the development of more cost-effective programs of support for families in chronic poverty and families in temporary economic distress. A primary need is for information on program eligibility and levels of benefit received. This information must relate to the population universe so that non-participation can be detected. Furthermore, it is only through data representative of the population that entitlement to multiple programs can be understood and viewed in an appropriate perspective. The need to understand participation and nonparticipation is not only a need to evaluate the relationship between federal programs and the national distribution of well-being among individuals; it is also the need to understand the impact of particpation and non-participation on states. Each state will wish to know the extent of uncovered individuals and the impact of changes in the local economy on the demand for assistance and the costs of the program. (Some research on the assistance system is suggestive of the manner in which states react to federal setting of program parameters in devising their own programs of assistance to the poor.)[14]

A second type of information is important to the design of assistance programs. The response of individuals to changes in the parameters of federal and state programs must be understood. The response that has been the greatest concern has been the change in work effort that is associated with programs of guaranteed income (i.e., labor supply response). It is likely, however, that the formation of families and the stability of the marital unit is of even greater significance for the population eligible for assistance, and we know very little about the extent or manner in which individuals respond to assistance in this domain.

Once response of individuals to parameters of assistance programs are understood, the states' response to the federal enabling legislation that determines program parameters can also be understood. It then becomes possible to design alternative systems for providing assistance that are more efficient in reaching a target population and less costly to the taxpayers who finance the program.

A third type of information on assistance is also needed. Since the programs are sanctioned by legislative bodies, there is some need to understand the extent of public support for transfer programs and the origins of such supports. The public support for programs will be affected in an important way by perceived disparities between the level of income and work effort experienced by the assisted population and ineligibles in similar economic circumstances. These three types of information needed imply a large data base. The need for information on program eligibles implies a need to collect detailed information on income and assets used in means testing for programs. The need for information on the responses of individuals to programs requires, in addition, information on the perceived prices and trade-offs that influence household and individual decisions. Lastly, measures of public support require attitudinal data on how voters feel about assistance programs, their satisfaction with their economic situation and the satisfactions experienced by recipients of assistance.

3. Design of a Data Collection to Meet Policy Needs in the Family Assistance Area

Experience with past data collection programs and the demands for information make it clear that existing data collections are inadequate and that an appropriate data base must be derived from a design with certain features:

1. A probability sample of the U.S. population.
2. Longitudinal data on the economic circumstances of families and individuals.

3. A monthly accounting period for income.
4. Linkage of the population sample to administrative data on the recipients of assistance, social security rights, (and income reported for tax purposes).
5. Measurement of a large number of domains to establish asset levels, diability, valuation of income in kind, assistance received from other households and voluntary agencies, and attitudes.

Longitudinal data are required to establish turnover rates for assistance recipients and obtain information on the economic circumstances of indivduals who are able to dispense with transfers. The linkage of survey data to administrative records provides a means for validating data reported by households and eliminating biases. The large number of domains for measuring information is required because of the complexity of eligibility requirements and the number of factors that may influence individuals in their application for assistance and their efforts to supplement or replace asistance with earned income.

1. and 2. taken together imply a need for following individuals. The changed economic circumstances of the child who sets up housekeeping, the the divorced parents who establish separate households, and the relative who moves in with family to overcome a period of economic distress must be measured by following individuals who may be in one household at one point in time and in another household at a subsequent time. As economic crisis is associated with changes in subsequent time. As economic crisis is associated with changes in family make-up, understanding the adequacy of family assistance programs requires observations of these transitions.

3. and 4. together imply that one of the important aspects of a measurement program is the reconciliation of direct measurements on households and administrative data. Once the relationship between these two sets of information is better understood, it will be possible to extrapolate from one to the other with an understanding of the mean-square error involved.

This combination of 2. and 5. makes it clear that individuals need to be retained in a sample for periods longer than one year. Experience gained in both the PSID and CEX indicate that the quality of information reported by individuals increases sufficiently over a period of several waves of observation, that the loss of information due to attrition may be offset by a reduction in the bias or the information reported by the remaining responses. Moreover, the panel design allows each wave of interviewing to pose less burden on the respondent, while it provides bounds for the reporting of events and reduces problems of telescoping. In addition, cooperation in the use of records appears to be enhanced by the greater commitment given by participants in a panel, as opposed to the respondent to a single interview.[15]

The need for both 1. and 4. poses a difficult problem of data exchange. Respondents need to be protected from administrative use of linked tax, interview, and social security information. At the same time, it is clear that exact matches of such data are required validate and correct both survey reports and administrative records. Hence, an institutional mechanism for confidential exchange of data between the agencies and the collector of personal interview information is essential.

4. The Role of SIPP

The SIPP is designed as a panel collection of data on individuals. The respondents are sampled from interpenetrating samples of the U.S. population and administrative records of HSS. Individuals are followed over time. Measures of monthly earnings and intra-annual receipt of non-earned income are combined with information on assets and disability to give a clear picture of the eligibility of the U.S. population for the major federal programs of economic assistance. Enough additional data are obtained to form a basis for the investigation of labor supply and family formation responses to assistance programs. The linked administrative data provide validation for household reports and a basis for correcting response biases. It is clear that the SIPP design incorporates the major design features discussed in the previous section.

SIPP will overcome the limitation of past beneficiary surveys (which are incomplete samples of the policy-relevant population) and the CPS (an incomplete measurement of variables related to the eligibility and amount of transfer payments received). It will be useful in giving estimates of multiple recipiency of benefits, and it will permit the calculation of rates at which families enter and leave a state of poverty or dependency on assistance.

No data collection presently undertaken, with the possible exception of the CEX, incorporates enough of the design features of SIPP to become a substitute for the information that will be generated. SIPP fails to meet the information needs ofpolicy makers in the assistance field in only one regard--the size of the sample i not sufficiently large to provide data on some particularly interesting sub-groups, and data on the populations at risk with respect to changes in parameters of the assistance system at the state level. The first of these problems is the easier. In the past, legislation concerned with equal opportunity, the economic circumstances of migrant workers, and other disadvantaged groups has implied that there is a need for the comparison of economic circumstances of these disadvantaged and the more typical member of U.S. society. A need to obtain reliable estimates of blacks and Hispanics, migrant workers and persons exposed to asbestos, or other minority groups implies that the SIPP design ought to incorporate an oversampling of particular populations. To some extent this can be done using the U.S. Census as a frame, although such oversampling is handicapped by the mobility of the U.S. population as time passes.

The use of SIPP data for policy making at the state level is a more fundamental problem. Experience with the SIE makes it clear that even a sample with an enormous size is insufficient to provide reliable estimates of populations within states. Several approaches to this problem may be taken. Synthetic estimates of state populations may be generated from the SIPP sample; SIPP may be modified to include representative samples of a selected number of states without increasing the projected sample size; or state policy makers may depend entirely on administrative data (such as their internal quality control samples) for information while adjusting beneficiary information for non-participation using relationships uncovered from the SIPP. The first of these approaches is likely to produce ineffective information, especially since policy makers at a state level are likely to focus their interest on subgroups--persons living in stagnant or declining areas, Indians, the rural poor, etc. The second approach assures that the power of the SIPP design is available for the study of state problems in the making of assistance policies in several states. Suitable sampling assures that some states with substantial populations of poor people will be included. The third approach will aid all states, but the value of corrections obtained from national data sets remains suspect until it is corroborated by a sample along the lines suggested for the second approach.

SIPP is viewed as a continuing data collection that is expected to provide information relevant to assistance for a number of years. A large payoff follows from stratifying the sample by characteristics of states and selecting states into the sample (perhaps on some revolving basis).

Notes

[1] Martynas Ycas and Charles Lininger, "The Income Survey Developemt Program: Design Features and Initial Findings" Social Security Bulletin 44:11 (1981) pp. 13 - 19.

[2] Robert Hill, The Myth of Welfare, National Urban League (Washington, D.C.: National Urban League, 1980).

[3] The Income Survey Development Program (ISDP) of DHHS and the Department of Commerce collected some wealth data, but that program has been officially terminated.

[4] The state of the art is reported by Charles R. Hulten and Frank C. Wykoff, "The Measurement of Economic Depreciation," in Depreciation, Inflation, and the Taxation of Income from Capital (Washington, D.C.: Urban Institute, 1982), pp. 81 - 132.

[5] John Coder, "Evaluation of Income Reporting on the Survey of Income and Education," Proceedings, Section on Social Statistics, American Statistical Association, 1977, pp. 404 - 406.

[6] Martin David and Alice Robbin, "The Great Rift: Gaps between Administrative Records and Knowledge Created through Secondary Analysis," Review of Public Data Use, (1982).

[7] A report from the Office of Statistical Policy and Standards of the U.S. Office of Management and Budget stresses the value of administrative records for basic and evaluative research. See Statistical Policy Working Paper 6: Report on Statistical Uses of Administrative Records (Washington, D.C.: GPO, December 1980).

[8] Alice Robbin, "Technical Report 4: The Social Utility of Personal Information. An Examination of and Recommendations for Statutory Protection and Agency Policies and Practices Regarding Research Access to Confidential Records" (Madison, Wis.: University of Wisconsin and State Historical Society, 1981), prepared in connection with "A Pilot Program to Accession Machine Readable Public Records of Wisconsin State Agencies: A Cooperative Project between the Archives Division of the SHSW and the DPLS of the University of Wisconsin-Madison." The project was supported in part by the National Historical publications and Records Commission and the Graduate School of the University of Wisconsin-Madison (1 November, 1979-80 April, 1981).

[8] Report of the National Commission on Employment and Unemployment (Washington, D.C.: GPO, 1980).

[9] See fn 4 and Mitsuo Ono "Current Developments on Collecting Income Data in the CPS Proceedings of the Social Statistics Section ASA 1971, pp. 342 -47.

[10] A beginning was made in measuring non-cash income in "Characteristics of households and Persons receiving non-cash benefits: 1979 Current Population Reports: Special Studies P-23:110 and Timothy Smeeding, "The Size Distribution of Wage and Nonwage Compensation" (Cambridge), MA: NBER, unpublished conference paper 1981).

[11] Mark E. Ehrenberg "A Study of Potential Relocation of Texas - Mexican migratory Farm Workers to Wisconsin" (Madison, WI: Unpublished Ph.D. dissertation, University of Wisconsin) 1969.

[12] J. Morgan, M. David, W. Cohen, and H. Brazer, Income and Welfare in the United States. New York: McGraw-Hill Book Company, 1962. Validity of welfare data in this survey was tested in M. David "The Validity of Income Reported by a Sample of Families who Received Welfare Assistance," Journal of the American Statistical Assoc., 57 (1962), pp. 680 - 5.

[13] USDHEW, Policy analysis with Social Security Research Files (Washington, D.C.: U.S. GPO 1978).

[14] Thae S. Park "Old age assistance expenditure detemination: the empirical study" (Madison, WI: Unpublished PhD dissertation, University of Wisconsin, 1973).

[15] Lois Oksenberg, Amiraw Vinokur and Charles C. Cannell, in Experiments in Interviewing Techniques: Field Experiments in Health Reporting 1971 - 1977 (Washington D.C. National Center for Health Services Research, Report (HRA) 78-3204, 1977) Chapter 6.

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Department of Accounting and Business

March 11, 1982

Congressman Robert Garcia
Chairman
Committee on Post Office and Civil Service
Subcommittee on Census and Population
601 House Office Building, Annex 1
Washington, D. C. 20515

Dear Chairman Garcia:

This testimony is given in reply to your request; it is presented on behalf of the Committee on Small Area Statistics of the American Statistical Association. The Committee is one of the oldest in the Association. It is the activity of this Committee that brought the Census Tracts into being (its original name was the Census Tract Committee). The close relationship with the Census involved other activities as well. The papers presented at the Conference on Small Area Statistics (held at the annual ASA meetings) were published by the Bureau of the Census in recognition of the wide appeal that they had, beyond the membership of the ASA. The budget cuts have caused this relationship to cease; the papers presented at the 1981 Conference will not be published by the Census to the detriment of our audience.

But our concern about the cuts does not stop there. We are concerned with the quality of data available for small areas (areas smaller than a state according to the Committee's definition), and the extent to which such data are available to users. A special concern of the Committee is the assurance that proper statistical methods are applied to the data by the users.

Ours is a time of great complexity and uncertainty; a time of exceptional scale and rapidity of change. The nature of social and economic changes are difficult to fathom let alone keep in step with. In such a context of global change and interdependence; it seems ill-advised to do with less information, less timely information, less complete information, less targeted information. As former Commerce Secretary Kreps commented:

> "Statistics do more than tell us what is happening. Statistics also cause things to happen. Our political system responds to problems, but it responds more quickly to problems that are documented clearly and, thus, elevated in the hierarchy of national priorities."

There is serious consideration being given to the notion of a new Federalism, which is directed toward a redistribution of responsibilities from central (Federal) to state and local government. Such a shift will necessitate much more emphasis on small area data, more timely data in order to target social and economic programs better and to monitor their effectiveness. Even without any change such as the new Federalism, there are major changes underway in the country; growth in the South, Rocky Mountain, and West. Accordingly, there is need for fine-grained data to assist local and state agencies to target where to build new elementary schools or senior citizen centers.

It is far better in terms of management, advancing standards (e.g. statistical, quality control, comparability of definitions, sampling and response error management, and statistical research) and cost effectiveness and efficiency to have such activities centralized than have 50 diverse uncoordinated efforts underfinanced underway in each state and hundreds of municipalities and thoussands of counties.

One of the major changes underway in this nation is the decentralization of population, the significant movement of population to nonmetropolitan areas. There needs to be (and again a centralized statistical approach would be the most effective and efficient) a research and applied development effort expended to establish small area data for rural areas to monitor growth and change and enhance state and local capability. In urban areas, there is great need for small area data to enhance targeting of health, social services and facilities as well as public safety activities.

There are icebergs in the rural and urban areas of this great nation, and statistical data serves as a means of radar to help state and local government to avoid pitfalls, or monitor progress. This proposal will require more not less funding. It may require higher amounts of Federal dollars in central statistical agencies' budgets to be devoted to analysis (including greater emphasis on small area analysis for both urban and rural places), small area projections, user services and more rapid data utilization and dissemination strategies and techniques; for example, enhancing accessibility of data in the form of public use tapes, with considerable focus on the completeness and clarity of documentation, with knowledgeable staff to contact and provide advice and clarification.

We need to not only keep intact the great statistical staffs of Census, NCHS, BLS and USDA among others, but sufficient funding to develop new techniques and enhance existing ones in areas such as statistical matching, multipurpose indicator systems so that government and the private sector will be in a better position to manage and shepherd our social, economic and natural resources more advantageously, both nationally and sub-nationally. We shall need this data enterprise to avoid making poor decisions now (and poor decisions can be extremely costly) and will save our children from paying a dear price in the future.

I have had only limited time to review the proposed cuts in the programs. Following is a list of the cuts that I consider especially harmful:

Bureau of the Census
Reduction in Service Industry Data program

Elimination of Monthly Department Store Sales Data

Reductions in Current Industrial Reports

Reduction in the Wholesale Trade Data Program

Reductions in Postcensal Population Characteristics Program

Reduction of the frequency of data collection on fertility and voting for subcounty governments.

Reductions in:

Survey of Residential Alterations and Repairs

State Government Employment Survey

Elimination of Government Environmental Expenditure Surveys

Delay of the Commodity Transportation Survey

Elimination of the National Travel Survey

Bureau of Labor Statistics

Reductions in Local Area Unemployment Statistics

Elimination of Research to Improve State and Local Area Unemployment Statistics

Delay in revisions of Producer Price Index

National Center for Education Statistics

Elimination of State Technical Assistance Grants

Reduction in Methodological Research and Technical Development

Reduction in the Survey of Pre-Primary Education Institutions

Elimination of High School and Beyond Follow-up Program

Reductions in the Projections Project

Reductions in the Analysis Programs

Delay in the National Longitudinal Study: Fifth Follow-up of High School Senior Class of 1972

National Center for Health Statistics

Reduction of the frequency of the National Medical Care Utilization and Expenditure Survey

Reduction of the frequency of the National Health and Nutrition Examination Survey

Reduction of the frequency of the National Ambulatory Medical Care Survey

Reduction in the frequency of the National Master Facility Inventory

Reduction in the frequency of the National Nursing Home Survey

Reduction in the frequency of the Vital Statistics Followback Surveys

Reduction in the frequency of the National Survey of Family Growth

Reduction in the Quality Control of the Hospital Discharge Survey

Reduction in the Quality Control of the National Ambulatory Medical Care Survey

Reduction in the Quality Control of the National Health Interview Survey

Elimination of the Applied Statistics Training Institute

Energy Information Administration

Reduction in Validation and Quality Assessment Reviews of Data and Models

Elimination of Field Audits

Reductions in Statistical Design efforts.

I appeal to the Committee to see that these cuts are restored. But more than that, we need to accept the responsibility of the Federal Government as the major source of data needed for informed decision making by the society at large. Only the Federal Government has the resources and the know-how to assure that timely and accurate statistics are collected. With the current explosion in computer technology, more and more people will be able to use the available sources of information. The newcomers will be small businesses and local governments which until now did not have the capacity to use statistical analysis to help them in decision making. These people will need data for very small areas which they would aggregate into meaningful units.

They will also need guidance and methodology. Until now these groups have not been served by the Federal Statistics system but the good of the nation requires that they be included and supported as users.

Respectfully submitted,

Ms. Jonah Otelsberg, Ph.D.
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Committee on Small Area Statistics
American Statistical Association
Coordinator, Business Program
YORK COLLEGE of THE CITY UNIVERSITY OF NEW YORK

TO:
Congressman Robert Garcia
House of Representatives
601 House Office Building - Annex 1
Washington, D.C. 20515

My gratitude to Congressman Garcia for making these hearings possible, and to Catherine Wallman of COPAFS for arranging to receive my testimony. It is really very easy to make a case for improving the Federal data gathering effort; as it is easy to make a case for many other kinds of expenditures on social projects. However data gathering efforts are special because without them it is impossible to determine how best to relieve the burdens in society.

While it may be possible to detect social problems without knowing everything about how they occur, or exactly where they exist; it is virtually impossible to do much about social problems unless we understand them in all the variety of their manifestation. If we do not know very much about the problems we may be attacking, then efforts at redress will not be as effective as we might like; or they may have unforseen consequences.

As a data user and practicing economist and demographer, I have come to know a good deal about the interrelationship between good data and social programs. As a scientist and mathematician I have come to understand the indispensable necessity of scientific investigations in identifying social problems and the place of both scientific inquiry and of demographic verification in the progress of humanity.

As an example of the interrelationship of Federal data and effective social programs, let me cite the problem with which I am currently involved. this problem has placed me squarely on the frontier of Federal data utilization. It has also informed me of the inadequacy of the current data program while convincing me of the vital necessity of superb data in much of what we are about in this country. And it has led me to be optimistic about where we could stand in solving social problems if the needs of data users are rapidly and completely fulfilled.

Unhappily for those who might have frustrated the rights of minorities to political representation in New York City, the primary elections for New York City Council were halted last September by the courts; and in October the Justice Department decided that the plan for districts as submitted did not meet voting rights standards. When I became involved in portraying the ethnic and racial populations of New York City so that a more representative plan could be assembled, I was shocked by the inadequacy of the data that was being used.

The only Census data then available was the Public Law File, which did not permit accurate counts of Whites, Blacks, and Hispanics, or of others such as Asians. In order to rectify the mispresentation, the Council Districting Commission was using the county-wide correction factors provided by the Census Bureau. These factors were actually useless because so many tracts with these factors applied showed negative numbers of White or Black inhabitants.

In response to this problem, I hypothesized that the proportion of Hispanics calling themselves Black or White would vary depending on the proportion of Whites or Blacks in the total population. I was fortunate enough to have the use of a small computer, and at the cost of some hundreds of hours of labor time was able to input the Public law data, perform twenty-two multiple regressions, and create a simulation of the correct number of Whites, Blacks, and Hispanics in each tract. This simulation demonstrated the validity of the hypothesis. I was able to show that substantial misrepresentation had occurred in the plans using Public Law data.

The process was delayed long enough thanks to these calculations and their presentation to the Justice Department, that it was impossible for the Districting Commission to come up with a final recommendation before the Census Tape STF-1A was released on December 17 and made public on January 6, 1982, at the Commission hearings. It was not easy to convince the Commission to use the newly released data; but after negotiating with their lawyers and with representatives of the City Planning Commission, the printout was made on January 22. This delayed the final presentation of the Districting Commission's plan until today, March 16, 1982.

At this point it should be possible to secure even better representation based on the data from STF-1B, which was only released on February 22, 1982, and shows accurate counts of minorities down to the block level. However, the delay in the districting process has only accidentally been long enough to insure that accurate data was released. It is only by accident that it may now be possible to create districts which truely represent something close to the actual minority population of New York City in 1980. I am doubtful that many other cities have been as fortunate.

Since New York State has not as yet ratified new districts for Congressional seats, or for the State Assembly or Senate, it may eventually be possible to secure accurate minority representation for those bodies as well. But, again it is only luck that the delay has been long enough to permit this; and I doubt that many other States have been as fortunate.

In this case, as in many others, timely release of Census data contributes greatly to the solution of social problems.

Federal data and the problems of American society are inextricably interconnected.

Another issue with which I have been involved has demonstrated to me that the detail provided by the current Federal data gathering effort is insufficient to identify many social problems and thus contribute to their resolution. I have been working on the problem of minority youth unemployment. Part of the effort has involved an attempt to accurately identify unemployed youths. The only tool which could be used in this effort was the Current Population Survey. However, because of the small size of the sample in the Survey, it proved impossible to estimate the number of unemployed youths in particular neighborhoods. This makes it impossible to identify many aspects of the problems facing youths who wish to work.

Before we commit ourselves to spending billions of dollars on possibly misdirected efforts to correct this social problem, don't you think that it would be desirable to increase the sample size of the Current Population Survey so as to adequately identify the population we are trying to assist? Such an initiative would cost very little in relation to the social benefit which would accrue from accurately directed social programs.

Youth unemployment, along with many other social problems, is a national problem which can only be solved by national initiatives. But national initiatives must be targeted directly at the locations where problems exist if they are not to be wasteful. Expanding the scope of the Current Population Survey, and reinstituting the Survey of Income and Program Participation are essential steps toward solving the social problems with which we are beset.

One final recommendation: the Census of Businesses could be an exceptionally useful tool in devising industrial policies which could address the problems of poor economic development facing many cities. I know from experience that ailing industries in New York City are concentrated in specific geographic locations. However the Census Bureau currently releases Business Census data only for States and SMSA's. Release of the Economic Census data on a tract basis would permit the development of economic policies aimed at revitalizing business which would be much more effective than any policies which have been developed to date. Once again, the cost of generating a geographic breakdown of these data would be greatly outweighed by the benefits which would accrue through accurate targeting of policy instruments.

To sum up, it is clear that a steady improvement in the flow of Federal data is essential to the improvement of American society. The possibility exists that social programs could be targeted much more specifically than is currently possible. Any restriction of the flow of Federal data is bound to lead to serious diminution of our ability to aid the needy populations and ailing businesses. Furthermore, it will be impossible to secure advances in the science of economics unless the discoveries made in small scale studies are capable of being verified through national statistics. It is more essential than ever before that a steady improvement in Federal data flows be encouraged. The five year interval between censuses, itself too long, must be retained. And the funds cut from the Federal data budget must be restored so that the scientific advances which in the past have been so slow to be realized, may be accelerated. I look foward to the day when detailed information is accessible which addresses the smallest community and the least social problem. Only responsive data gathering will be able to assure that the United States enters the twenty-first century uncrippled by social problems and unacknowledged flaws.

Respectfully submitted by:
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Arguments for and Against a Decentralized Federal Statistical System [*]

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And

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Introduction

The organizational arrangements for producing statistics are highly decentralized in the United States. The Federal statistical system is composed of several statistical collection and analytical agencies and of many statistical units, statistical activities and outputs within major program agencies.

Early in the study program of the President's Reorganization Project on Federal Statistics, it was determined that the focus of analysis would be on the planning and coordination function, rather than on topics of reorganizing or combining components of the Federal statistical system. The recommendations of the President's Reorganization Project have not been implemented, and the issues of the overall organization of Federal statistical agencies merits continued attention. At the 1980 Annual Meeting of the International Association for Social Science Service and Technology (IASSIST), a session presented arguments for and against a decentralized Federal statistical system. This article is a synthesis of the ideas expressed at that session. It will first present an historical perspective of the development of the Federal statistical system and indicate some important organizational reviews that have taken place during the past several decades. Then, it will discuss the relative merits of a decentralized vs. a centralized Federal statistical system, and suggest a model for a more centralized system.

The Impact of the "Paperwork Reduction Act of 1980"

While this paper is a synthesis of the ideas presented at the IASSIST session in May 1980, it is important to relate these ideas to the actions of the 96th Congress and the President. The Paperwork Reduction Act of 1980, Public Law 96–511, provided for the transfer of the Office of Federal Statistical Policy and Standards to the Office of Management and Budget. This return of statistical policy functions to the Office of Management and Budget (OMB) was finally completed in August 1981 with the establishment of the Statistical Policy Branch within the Office of Information and Regulatory Affairs.

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[*] The views expressed in this paper do not necessarily reflect the views of the Office of Management and Budget and the Bureau of the Census.

Editor's Note: As reported in the September 1981 issue of *Statistical Reporter*, the statistical policy function has been recently transferred to the Office of Management and Budget. This article is not presented as a judgment on the current organizational arrangements. Rather, it is presented in the context of current discussions about statistical policy activities.

(See the September 1981 issue of ***Statistical Reporter*** for details on this transfer of functions.)

While this legislation returned the statistical policy function to the Executive Office of the President, it did not fully implement the recommendations of the President's Reorganization Project on Federal Statistics, which was under the direction of James Bonnen (see ***Statistical Reporter***, May 1980). For example, the staff resources have not been increased. In fact, because of the many other responsibilities of the Office of Information and Regulatory Affairs, it has been difficult not to divert the resources of the statistical policy unit from long-range planning and coordination of statistical programs to short-run response to more immediate issues being addressed by the office. The legislation does not provide the independence recommended for an independent Office of Statistical Policy in the Executive Office of the President. Also, the unit within OMB does not have the same level of status which would be perceived for an independent office.

It should be noted that there are important potential benefits to location of the statistical policy function in the Office of Management and Budget, especially within the Office of Information and Regulatory Affairs. The leverage of actions and policy development within P.L. 96–511 can be very great. The influence of this new function in OMB involves important considerations of rulemaking, data processing policy, and records management (among other responsibilities) which are of special importance to the development of government statistics. Further, since this new function is destined to be at the center of governmental policy, the related statistical policy issues are likely to receive more high-level attention than has ever been the case in the recent past.

It should be noted, however, that under both the independent office (the Bonnen proposal) or the location of statistical policy in the Office of Management and Budget, there remain many questions about mechanisms for assuring cooperation among various components of the statistical system. In fact, many of the basic issues of centralization vs. decentralization remain. Thus, this article is intended to set forth some of the basic issues which need to be addressed in further strengthening the coordination of the Federal statistical system.

Historical Perspective

> Practically every bureau in Washington collects or disseminates statistics of one kind or another; and there is much confusion in the public mind concerning the work done by the various offices.
>
> The statistics collected by the Government relate to nearly every aspect of our economic and social life. Statistics of agriculture begin with the seed and follow through the marketing of the ripened product. Statistics of manufacturers extend from the mining of crude ore to the production of the manufactured article; those of commerce, from the lighting of rivers and harbors to the consumption of imported commodities; and those of social relationships from a mere enumeration of population to elaborate data regarding the incidences of disease.[1]

This quotation, though written in 1922, still serves to describe both the range of information collected and the limited public understanding of the purposes of these data-gathering efforts. Regardless of the definition of "agency" and "statistics," it is clear there are large numbers of separate and distinct organizations producing statistics within the Federal Government. If a statistical management expert were required to create a Federal statistical system for the United States in 1981, assuming no past statistical activity, it is doubtful that he would design the sprawling monster that now exists. It has been estimated that as many as 108 Federal agencies are authorized to collect, compile, and disseminate statistical data.[2]

How did these data collection activities begin? People sometimes erroneously believe that Government agencies established for other purposes have launched statistical programs in an effort to perpetuate or expand themselves. This is not so, as is indicated by the following examples of legislation requiring statistical activities.

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[1] United States, Bureau of Efficiency, ***Report on the Statistical Work of the United States Government***, submitted to the Congress, September 7, 1922, p. 1.

[2] An estimate developed by the Office of Management and Budget in 1976 by examining agency requests for the collection of statistical information.

The first legislation calling for Federal statistical activity, the Constitution of the United States, required an enumeration of the population within 3 years after the first meeting of the Congress and every 10 years thereafter. This was the origin of regular statistical work. Thomas Jefferson supervised the first census in 1790 as Secretary of State. Alexander Hamilton, Secretary of the Treasury, issued America's first statistical publication, reporting the population and foreign commerce in 1790. For a century, the census office was phased out after its decennial activity, but subsequent legislation and responsibilities gradually closed the gap between censuses, and the Census Bureau was established as a permanent agency in 1902.

The Director of the Census was "authorized and directed to collect and publish, for every second year after 1927, statistics of manufacturing industries."[3] In 1929, it was decreed that "a census of population, irrigation, drainage, distribution, unemployment, and mines shall be taken by the Director of the Census in the year 1930 and every 10 years thereafter."[4] In fact, one requirement was remarkably detailed:

> The Director of the Bureau of the Census is authorized and directed to collect and publish statistics concerning the number of squares of red-cedar shingles produced in shingle manufacturing establishments in the United States; the quantity of Canadian produced red-cedar shingles stored in U.S. warehouses and subsequently withdrawn therefrom; and the current imports of red-cedar shingles from Canada.... The statistics as to the number of squares of shingles .... shall relate to each calendar month and shall be published as soon as possible after the close of the month.[5]

Statutory requirements for agricultural statistics were first established in 1862.[6] In 1927, the Secretary of Agriculture was directed to collect annual statistics and to publish his estimates of grades and staple length of cotton of the then current crop.[7] In 1929, detailed statistics about tobacco were also authorized.[8]

In 1888, the Bureau of the Labor Statistics received its legislative mandate as follows:

> ...to acquire and to diffuse among the people of the United States useful information on subjects connected with labor .... and especially upon its relation to capital, the hours of labor, the earnings of laboring men and women, and the means of promoting their materials, social, and intellectual, and moral prosperity.[9]

The above examples serve to indicate that Federal statistical programs often originate in congressional legislation. In fact, the economic and social history of this country could probably be traced around the statistical programs that have emerged sequentially through legislation, particularly when statistical activities associated with program administration are also taken into account. A notable example is the collection of statistics related to the various social security programs.

This legislative process of generating a Federal statistical system has given the United States the best statistical coverage in the world, but the efficiency of this decentralized system has been challenged periodically during the last several decades, and has been the subject of numerous reviews. The following gives brief details on some of the studies that have been made of the Federal statistical system.

Bureau of Efficiency.—As a result of an act of Congress on March 1, 1919, the Bureau of Efficiency investigated duplication of statistical work in the various branches of the Government service and the scope and character of statistics needed by Government and the methods of collecting, compiling, and presenting statistical information by the several executive departments and independent government establishments.

The Bureau of Efficiency prepared the first descriptive report of the scope and character of the statistical output of the United States Government. Its report, totalling nearly 400 pages, examined each agency of Government and defined the statistical activities of each agency. The report concluded:

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[3] Act of June 18, 1929, Cha. 28, Sec. 17, 46 Stat. 25.
[4] Act of June 18, 1929, Cha. 28, Sec. 1, 46 Stat. 21.
[5] Act of May 25, 1937, Cha. 261, Sec. 1, 50 Stat. 204.
[6] Act of May 5, 1862, Cha. 72, Sec. 3, 12 Stat. 387.

[7] Act of March 3, 1927, Cha. 337, Sec. 1, 44 Stat. 1372.
[8] Act of Jan. 14, 1929, Cha. 69, Sec. 1, 25 Stat. 182.
[9] Act of June 13, 1888, Cha. 389, Sec. 1, 25 Stat. 182.

> The existing situation, however, should not be permitted to continue. In the first place, it is difficult from the present separate and unrelated reports to obtain a complete statistical view of many important subjects ... a second evil of the present arrangement, and one quite as consequential, is the unnecessary expense and annoyance caused producers, trades, carriers, and others by the numerous and ill-coordinated requests of Government offices for information of various kinds.
>
> Finally, the present arrangement for the collection, compilation, and publication of statistical data is uneconomical and expensive to the Government.[10]

The Bureau of Efficiency, as a result of its study of the statistical work of the Federal Government, submitted 33 recommendations. Essentially, the Bureau recommended converting the Bureau of the Census to a Bureau of Federal Statistics, resulting in a concentration of statistical work in one primary agency. While moving in the direction of concentration, the recommendations did suggest the transfer of all vital statistics inquires from the Bureau of the Census to the Public Health Service, the collection and publication of coordinated statistics relating to internal commerce, and a change in the functions of the Bureau of Labor Statistics (BLS) so that it would become a Bureau of Labor Economics with a consequent transfer of many BLS programs to the newly created Bureau of Federal Statistics.[11]

The report concluded that if these recommendations were carried out they would:

> bring about a consolidation of field work, a reduction in the number of questionnaire schedules, a reduction in clerical and supervisory costs, and savings in the purchase and rental of machine equipment for tabulation purposes, in printing and mimeograph work and the distribution of statistical publications. Moreover, the adoption of these recommendations will result in coordinated, unified statistics, something that is urgently needed by businessmen and by students of our economic and social problems.[12]

There was little direct action on the Bureau's recommendations.

In the 59 years since the Bureau of Efficiency report there have been additional reviews of Federal statistical activities and proposals for organizational improvements. While there is not sufficient space in this article to present the details of the reviews that have been made of the organization of Federal statistics, the reader will note from those that are highlighted below that most have favored the decentralized organization, at least in broad concept.

Central Statistical Board.—The First Annual Report of the Central Statistical Board[13] in 1934 supported a strong coordinating function working in cooperation with the decentralized operations.[14] Its report in 1939 also focused on the need for stronger coordination.[15]

Committee on Government Statistics and Information Services.—The Committee on Government Statistics and Information Services (COGSIS) from 1933–35 undertook the first comprehensive review of the Federal statistical system undertaken by an outside agency. COGSIS made several recommendations concerning the organization of statistical work. The first recommendation emphasized the decentralization of authority among statistical agencies so they would be responsive to the needs of administrative research. Secondly, they concluded that coordination of the decentralized responsibilities was required and that effective coordination called for "leadership in the development and promotion of adequate standards, the interrelation of data among diffrent fields, the elimination of unnecessary duplication, and the planning of a balanced, cooperative statistical system."[16] Finally, COGSIS recommended that focal organizations at the center of their respective fields should be designated to foster work in various fields.

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[10] *Ibid.*, p. 2.

[11] The Bureau of Efficiency concluded that part of the work of the Bureau of Labor Statistics was of a nonstatistical nature.

[12] *Report on the Statistical Work of the United States Government*, p. 5.

[13] The Central Statistical Board was established in 1933 as an independent agency. The Board's functions were transferred to the Bureau of the Budget in 1939.

[14] *First Annual Report of the Central Statistical Board*, year ended December 31, 1934, p. 7.

[15] *Draft Report of the Activities of the Central Statistical Board During the Fiscal Year 1939*, pp. 1–7.

By the time the report was issued, the Central Statistical Board had been established. COGSIS called for continuation of the Central Statistical Board and emphasized the quality of staff which should be assigned to the Board. COGSIS recognized that the Central Statistical Board was still in an embryonic stage and that its full potential had not yet been realized at the time COGSIS was reporting.

Kaysen Committee.—Another look at the organization of Federal statistics was provided by the Kaysen Committee in 1966. The Committee concluded that there were many limitations to the existing Federal statistical system. The Kaysen Committee proposed creating a National Data Center and the development of a new position, Director of the Federal Statistical System, with the Census Bureau and the National Data Center as coordinate functions under his direction. Further, it proposed two councils to be advisory to the director. First, the Committee proposed a Federal Statistical Council, representing the major data producing and using agencies in the system and reporting to the Director of the Federal Statistical System. Second, the Committee recommended formation of a Public Advisory Council with members from outside the Federal Government representing both the public in general and particular users of information such as business, labor, State and local governments, and the academic community.[17]

It is interesting that this proposed reorganization essentially left much of the statistical system intact, simply shifting the Bureau of the Census to a more central location in the Executive Office of the President with the basic judgment that "market forces" would define what statistics are needed and by whom they would be produced. It should be clear that this proposed reorganization, in effect, was simply a relabeling of the status quo at that time, with the important exception that the National Data Center represented a new element. Hence, while purporting to be a central statistical system, in effect the Kaysen Committee proposal was simply a minor alteration of the existing decentralized statistical system. It also had the major potential disadvantage that it would have weakened the tie between statistical coordination and budgetary control.

Commission on Federal Statistics—The next major review of the Federal statistical system was undertaken by the President's Commission on Federal Statistics in 1970. The Commission was charged with undertaking a comprehensive review of the Federal statistical program and answering three basic questions: (1) What are the present and future requirements for quantitative information about our society? (2) How can we minimize the burden on respondents and insure that personal privacy and data received in confidence are protected? (3) How can we organize Federal activities for the most effective compilation and utilization of statistics?

While it made only a limited study of organizational relationships, the Commission indicated that the existing statistical organization was appropriate and that the basic problems were those associated with lack of quality and continuing review. Among its many specific recommendations were suggestions to undertake audits of individual statistical programs to make certain that appropriate methodological and statistical standards were followed. The Commission was particularly concerned with the smaller statistical agencies where, the Commission felt, there was inadequate professional capability to ensure high quality statistical efforts.

1971 Statistical Reorganization.—An explicit effort to address problems of statistical organization was initiated in 1971 by Julius Shiskin, who was head of the Statistical Policy Division in Office of Management and Budget (OMB) from 1969–1973. The objective of his effort was to retain decentralization of the planning of statistical needs in the policymaking and program agencies, but to concentrate the collection and processing activities in some six to eight major statistical centers.

In 1971, the OMB requested the four Departments with the largest statistical programs (Commerce; Labor; Health, Education, and Welfare; and Agriculture) to prepare and submit plans for reorganization of their statistical activities. Specific guidelines were proposed. These guidelines emphasized the creation of a centralized data collection and processing center in each Department (with up to three in HEW, one for each sector of health, education, and welfare) and a unified data plan and an analytical office for general-purpose statistics.

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[16] See Government Statistics. *A Report of the Committee on Government Statistics and Information Services*, pp. 5–6.

[17] Kaysen Committee Report, p. 25.

Following the guidelines, some reorganizations occurred, including the creation of the Social and Economic Statistics Administration (SESA) in Commerce, which was comprised of the Census Bureau and the Bureau of Economic Analysis with some reallocation of functions between the two components over what had previously occurred. The Bureau of Labor Statistics was internally reorganized to separate more clearly data processing and analytical activities.

By 1975, the Department of Commerce concluded that administrative delays and costs of the umbrella organization of SESA were not justified and, as a result, the personnel administration and other functions of SESA were returned to the component agencies and SESA was disbanded. Meanwhile, the National Center for Education Statistics (NCES) was elevated to the Office of the Assistant Secretary for Education and the National Center for Health Statistics was identified by the Assistant Secretary for Health as the focal point for health statistics.

Statistical Reorganization Project.—The most recent review of the Federal statistical system was the President's Statistical Reorganization Project from 1978–1979. The Project examined several organizational options, including the relative merits of consolidating several major statistical agencies into a single entity. The Project recommended retention of the decentralized statistical system and the establishment of an independent Office of Statistical Policy in the Executive Office of the President for the improved coordination of the Federal statistical system.[18]

Decentralization vs. Centralization

As indicated above, reviews of the Federal statistical system by commissions, committees, and other organizations have found it more desirable than not to retain the decentralized organizational arrangements which have evolved. The difficulties inherent in a decentralized system have usually been addressed by recommending a stronger central statistical office for coordination and policy development.

Given the evolutionary development of the Federal statistical system, and the importance of its component units to program departments and agencies, there is a natural resistance to the consolidation of statistical activities as a means of dealing with the demands placed on the system. The complexities of legislation and program combine with vast geographic spread and a large population to make it more desirable to do the best we can with the system we have. Federal statistical programs generally do a good job of meeting the narrow special-purpose objectives for which they were designed. Centralization of statistics into one agency would not be accompanied by a centralization of purpose or treatment in all Federal programs. Consequently, many of the conflicts which arise in incomparability among statistical programs would occur even if all those statistics were produced in one agency.

The following are some of the advantages and defects of the existing decentralized system:

1. The system avoids monopolistic control of statistical intelligence, but at a high price: operational inefficiency, duplication of effort, excessive reporting burden, and lack of uniformity in concepts and definitions.
2. The system responds well to department and agency program needs, but only at the expense of a centralized allocation of resources, enforcement of statistical standards, and the coherent shaping of policies and priorities.
3. The system contains a great variety of both permissive and restrictive arrangements for data protection and data transfers but defies a unified approach to the confiden-

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[18] For further details on the Statistical Reorganization Project and other developments affecting the coordination of Federal statistics see: Joseph W. Duncan, "Recent Developments In Reorganization of Statistical Policy," *Statistical Reporter*, April 1980 and "Improving the Federal Statistical System: Report of the President's Reorganization Project for the Federal Statistical System," *Statistical Reporter*, May 1980.

tiality of identifiable information and its immunity from nonstatistical uses.

4. The system is much advised by outside experts and interagency committees, but only through concentration on its disparate parts and with inadequate attention to the whole scheme and its interactions.
5. Relationships between data producers and data users are polymorphous with no engine at the center to drive competing forces into one crucible.
6. The system increasingly fails to be understood by data subjects, the Congress, and the general public. As the production of statistics grows more complex it becomes less visible. Lines of communication, control and accountability become blurred and public confidence in the integrity of Government statistics may be eroded as a result.

One possible solution to many of these difficulties is to consolidate a major portion of the Federal statistical system into a single commission or agency. This concept is most readily examined by discussing a model—a rough outline of the organizational structure, authority, and functions of a proposed central statistical agency—a "Federal Statistical Commission." The following suggests a model for a centralized system:

1. An independent Federal Statistical Commission (FSC) shall be established by the Congress.
2. The Commission shall consist of three commissioners appointed by the President with the advice and consent of the Senate. The Commissioners shall be selected on the basis of their skills and experience in the scientific, professional, and management sciences.
3. The Commissioners shall have staggered, 6-year terms (except at the start), with not more than two commissioners from the same political party. (The chair of the Commission shall be rotated every 2 years to an incumbent commissioner.)
4. The Commission shall be the basic policy body for statistical agencies associated with the Commission. It shall consist of the Bureau of the Census, the Bureau of Economic Analysis, the Bureau of Labor Statistics, the Statistical Reporting Service, the National Center for Health Statistics, the National Center for Education Statistics, and the Statistical Policy Branch in OMB. (This last unit should be upgraded over the existing Branch which does not have staff resources to support the Commission adequately.)
5. The professional heads of these 7 entities (upon a vacancy among the incumbents) shall be appointed by the chairperson of the Commission solely from the Federal career service in accordance with applicable statutes, and on the basis of skills and experience in scientific disciplines.
6. The Federal Reports Act of 1942 and section 103 of the Budget and Accounting Procedures Act of 1950 shall be amended so as to transfer the appropriate statutory authorities from OMB to the Commission. However, the broad relationship between statistical policy and information policy (OIRA) shall not be altered.
7. Title 13, the "census code" shall be revised in order to provide a "statistics code" with respect to the authorities and responsibilities of the Commission and to provide for the confidentiality and immunity of identifiable and research information no less rigorously than the present provisions of Title 13.
8. The Commission shall have the authority to permit or restrict the exchange of identifiable information among and between its constituent entities in accordance with appropriate written and published protocols that take into account the differing needs for data protection or data sharing arrangements that arise from the use of Federal and non-Federal (State and local government, etc.) administrative records.
9. Other applicable statutes shall be amended to be compatible with the functions herein assigned to the Commission.
10. The Commission shall conform to existing laws and regulations with respect to the preparation of appropriation requests and their submission to the Office of Management and Budget for transmittal to the Congress.

11. The President and the Commission shall be advised, by law, in three respects:
    a. there is established a Nominating Advisory Panel which shall recommend commissioner-nominees to the President for consideration. The Panel shall consist of seven members (three appointed by the President and four appointed by the Commission) chosen from outside Government on the basis of their skills and experience in scientific disciplines.
    b. there is established a Federal Statistical Advisory Board consisting of 11 members, including the Chairman of the Council of Economic Advisors, the Assistant Secretary for Economic Affairs of the Department of Commerce, and 9 other members appointed one each from within their respective departments by the Secretaries of Agriculture, HHS, Education, HUD, Interior, Labor, Treasury, Energy, and Transportation. The Board shall advise the Commission on its work, may publish its findings independently of Commission approval, and shall make a report to the Congress at least biennially with respect to its views on the work of the Commission.
    c. there is established a Statistical Advisory Committee which shall include at least three members designated respectively by the American Statistical Association; the President, National Academy of Sciences, and the Director, National Science Foundation.

The anticipated benefits of the proposed Federal Statistical Commission are as follows:

1. The establishment of the Commission will bring close to half of the total statistical program budget under a single roof. Within this, various components of the major operating unit budgets would be gradually merged where the same functions are being performed, such as data collection and data processing. This should produce significantly greater economy of operations.
2. The Commission would account for more than one-half of the statistical report forms government-wide. This would provide strong opportunities for more efficient forms design and information use, with consequent reductions in the number of forms and reporting burdens.
3. The Commission, with the advice and support of its advisory groups, could establish clear and specific goals and timetables for the conceptual integration of various data series and the transfer to the Commission of statistical work related to these series that need not be collected by a program agency.
4. The Commission would provide a single focus for data users for many of the major Federal statistical programs. The Commission would provide, in effect, a data ombudsman function.
5. The Congress would be able to deal for the most part with a single entity both in developing legislation affecting statistics and in meeting its own information needs. A central legislative affairs office within the Commission could, in coordination with the Statistical Policy Branch in OMB, provide assistance to other statistical agencies as well as the Congress, on statistical issues outside the Commission's specific responsibilities.
6. Very substantial systems of records would be brought together under a rigorous Federal statute for data protection. Many efficiencies would come from the sharing of these records systems within the Commission. Moreover, since the Commission's programs would include the periodic censuses of agriculture, population and housing, governments, and the economic censuses, the integration of these programs with current programs and the benchmarking of current data would be more effective.

The model outlined above does not deal directly with what organizational arrangement would be most suitable for data analysis and for the collection of statistical information to be used for regulatory purposes. However, a few general principles can be identified for dealing with these elements. First, the Commission would bring together most of the analytic work that is associated with general or multipurpose statistics, the principal economic indicators, and the data inputs for social indicators and social analysis.

Second, there is considerable data collection associated with the programs and activities of regulatory agencies and administrative programs of agencies such as the Social Security Administration, the Internal Revenue Service, and the Department of Justice. These activities would not be included in the mission of the Commission. However, the review of report forms designed by regulatory agencies should be conditioned by review of the Commission, especially with Statistical Policy Branch advice. Moreover, data collection activities of regulatory agencies for which only aggregate data are needed for program purposes, should normally be reviewed by the Commission.

Virtually any organizational consolidation concept involves trade-offs between costs and benefits even when real benefits or savings can be identified. The advantage of reviewing a specific model is that these trade-offs can be more readily assessed. Although that assessment is beyond the scope of this paper, the nature of such trade-offs can be illustrated. For example, consolidation could offer significant savings in more efficient data collection and data processing technology, whereas additional costs might arise in overhead functions. Gains in the integration of statistical work could be offset if the consolidated agency became monopolistic. Agency size can be a problem in itself unless lines of direction, control, and delegation of authority are carefully structured. Departments and agencies that would give up functions to the commission must have compensating mechanisms to ensure that they can influence and guide the agency's work. The advisory role of outside professionals and experts on statistics is also critical in preserving the diversity and openness of the statistical system. The impartiality and integrity of the statistical system must be insulated from improper political influence. The model attempts to address these potential problems and trade-offs by embedding checks and balances in the structure and mission of the commission concept.

Conclusion

The purpose of this article has been to explore relative merits of a decentralized versus a centralized approach for organizing Federal statistical activities. Given the historical development of the Federal statistical system with its basic authorization through special-purpose legislation, and the practical political pressures of major departments (and their constituencies) to maintain control of existing activities, it is likely to remain a decentralized system.

Sound statistics serve as the basis for good decisionmaking. Therefore, any effort to improve public administration, develop more effective public policy, or evaluate the state of the economy or society must include the development of more relevant, conceptually sound, and carefully collected statistics. The issues of building effective coordination among the diverse statistical agencies in the U.S. Government are very important. The proposals of many study groups remain on the shelf. Meanwhile the problems increase. The suggestions in this article are presented as a contribution to the continuing discussions concerning effective statistical policy coordination.

PROCEEDINGS OF A
TRANSPORTATION DATA NEEDS FORUM

Held by the

Transportation Research Board
Commission on Sociotechnical Systems
National Research Council

on

April 30, 1981

PREFACE

This forum was the final activity of a 20 month study whose purposes were to identify data needs and problems of non-federal users of transportation data, and to identify steps that might be taken to improve the quality and accessibility of needed statistical data. Funding for the study was provided by the U.S. Department of Transportation, Research and Special Programs Administration, Transportation Systems Center. The study was planned and conducted by the Transportation Research Board with the guidance of a Steering Committee that represented major elements of the transportation community and whose collective experience provided firsthand knowledge of the study scope.

Questionnaires and interviews were used in a nationwide inquiry that brought substantive responses from 350 data users in state and local governments, transport industries, consulting firms, academic institutions, and other types of private organizations. The final report, "Identification of Transportation Data Needs and Measures for Facilitation of Data Flows," was issued in March 1981. The report's conclusions and recommendations reflected the Steering Committee's interpretation of the inquiry results and judgment on how best to improve the processes by which transportation data are collected and made available to users.

Copies of the report may be obtained from:

Mr. Donald G. Wright
Transportation Information Division - DTS-23
Transportation Systems Center
Kendall Square
Cambridge, MA 02412

On April 30, 1981, an invited group met at the National Academy of Sciences, Washington, D.C. to discuss the project report and its implications. Approximately one-third of the forum participants had been directly involved with the study, the remaining participants were largely from U.S. DOT and other agencies that have primary concerns for the supply and use of transportation data.

The initial section of this report is Chairman Pisarski's overview of the project and its implications. In the pages that follow, the forum proceedings are presented in the chronological order of statements and discussion points that were made during the course of the day. The text for each item is generally an abstract of the verbatim remarks that were made.

CHAIRMAN'S OVERVIEW

This project to examine transportation data needs and means for responding to them has extended for 20 months. In that period the Committee and its support staff did not have a static subject to study. The scale and character of data needs and capabilities have been changing rapidly as we observed them. The direction of that change has, in almost every instance, been negative. A considerable inventory of losses in terms of data sources and capabilities could be amassed for just the period of time in which the study occurred. Thus the situation perceived as sufficiently serious to engender this project almost two years ago is considerably worse today.

It has been a volatile period of time with sharp changes not only in the sources of data but also in the kinds of data demands that will be made in the future. All of this serves to reinforce and give heightened emphasis to the observations and recommendations made in our findings. Those findings, we feel, are strongly consistent with the present mood and the trend of present policies. There are no recommendations here for massive federal programs or increased federal involvement—no demands for vast infusions of federal dollars. Rather, the Steering Committee and the hundreds of respondents in the profession whose opinions and views were obtained via the survey expressed a strong distaste for a greater, more centralized federal role either in funding or regulation. What was evinced was the view, strongly expressed in many cases, that greater efficacy in federal actions was desperately needed. The sense of efficacy comprised the following attributes:

1. An active process of "attic-cleaning," ridding public cost and respondent burden of many unneeded and unnecessary data collection activities;
2. Greater focus on timeliness to assure that data collected become available before their useful life has expired;
3. More efficient utilization of existing data resources by improved information about what data resources do exist;
4. Improved understanding of the costs and benefits of better data, particularly more substantive justification processes for sustaining existing data programs and establishing new programs;
5. Better mechanisms for users to make their needs known;
6. Better understanding of the appropriate roles to be played by the private and public sectors and between levels of the public sector, including mechanisms for cooperative action between sectors and levels; and

7. Most importantly, delineation of processes whereby public actions and decisions regarding transportation data activities are conscious and fully aware of the consequences of those actions and decisions. Present processes, to the extent they exist, are inadequate.

It was determined early in the design process that the emphasis in this undertaking needed to be on the institutional factors that impede our ability to make substantively based decisions about what data capabilities ought to exist and be supported by public effort and funds. Recent events support the view that this emphasis was well placed. The recommendations adopted in this study focus on these institutional needs. They are, unfortunately, not definitive in that explicit agencies or entities have not been identified, but they are explicit with regard to the roles and functions required.

A special point needs to be made with respect to institutional continuity. The long term view required for an information program to be cost-effective demands continuity of program, people, and funds. This is more crucial to its success than is program scale. Organizational changes and shifts in program focus have detracted from the viability of DOT's information program. Future continuity of program efforts needs to be assured.

Today new national concerns make transportation policy and investment decisions as important as ever. Deregulation and federal divestment of program responsibilities change the character of information needed but do not reduce the need for information about the state and performance of the nation's transportation system. This information is needed, not only to assess the viability of the deregulatory and divestment decisions made, but also to buttress the more perfect marketplace we hope to create with a key ingredient in that market's success—more perfect information. Thus with deregulation and greater emphasis on the marketplace comes a stronger responsibility for DOT to support the functioning of the marketplace with the data transportation industries require. Particularly in a period of financial stringency there is a tendency to define data requirements as those needed to meet internal DOT programmatic requirements. To abdicate the responsibility to provide for the transportation sector's information needs would severely effect industry efforts toward productivity enhancement. New institutional mechanisms may be needed to provide for these needs. Innovative joint public-private arrangements and cost reimbursable mechanisms need to be tested.

More effective information will be required also to support transport decisions relating to major national concerns. These concerns include smaller and less obtrusive government, enhanced productivity, reduced inflation, greater international trade, and improved national defense. Transportation will play a substantial role in achieving our goals in each of these areas. Given these goals and the reduced public funds available, the need for careful and conscious decision making in transportation is clear. It has been our view that these decisions are improved when made in the presence of a better understanding of their ramifications, based on solid and adequate information. Improved information cannot assure better decisions. The recommendations made here, if adopted, can help assure that the data resources required for better decisions will be there when needed.

Finally, it should be clear that this effort was not conceived to be the final word on this subject area. Our goal was more modest. We have sought, rather, to establish a solid platform, based on the best advice and opinion available in the profession, that can serve to support and enhance the continuing process of decision making about what transportation data ought to exist at public expense as data needs and capabilities evolve.

NOTE: The "Forum Proceedings" and the full report referred to are retained in the official hearing file.

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